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Who Plays? Who Pays?: A Chicago Case Study of Racism, the Lottery, and Education

Kasey Henricks
Loyola University Chicago

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WHO PLAYS? WHO PAYS?:

A CHICAGO CASE STUDY OF RACISM, THE LOTTERY, AND EDUCATION

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KASEY HENRICKS

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For my family.

TABLE OF CONTENTS

LIST OF TABLES

LIST OF FIGURES

ABSTRACT

Many Chicagoans are getting shortchanged, particularly when it comes to the money-exchange process between the Illinois Lottery (IL) and the Illinois State Board of Education (ISBE). In Illinois, a significant portion of lottery-generated revenues is earmarked to finance public education. Because these revenues are not generated equally across Chicago, some communities contribute more to education via the lottery than others. When these revenues are distributed in such a way that transfers money from one community to another, one community's fiscal gain comes at another's expense. So the question stands: Who plays and who pays? To answer this question, I measure the economic incidence of the money-exchange process between the IL and ISBE. My focus, however, is limited to the city of Chicago as a case study. In other words, I simultaneously compare the generation of lottery revenues to the appropriations of these funds, all within the city limits of Chicago. My hypothesis, or wager if you will, predicts that the money-exchange process, between the IL and ISBE, transfers resources from marginalized to mainstream communities, and that this process is inherently racialized. I estimate that lottery-generated revenues disproportionately come from communities that are predominately comprised by people of color, specifically blacks and Latina/os. These funds are then redistributed in such a way that racially marginalized communities subsidize education, a public service to which everyone is entitled.

CHAPTER ONE

THE LOTTERY: A MECHANISM FOR REPRODUCING RACIAL INEQUALITY

Many Chicagoans are getting shortchanged, particularly when it comes to the money-exchange process between the Illinois Lottery (IL) and Illinois State Board of Education (ISBE). In Illinois, a significant portion of lottery-generated revenues is earmarked to finance public education. Because these revenues are not generated equally across Chicago, some communities contribute more to education via the lottery than others. When these revenues are distributed in such a way that transfers money from one community to another, one community's fiscal gain comes at another's expense. So the question stands: Who plays and who pays?

To answer this question, I measure the economic incidence of the money-exchange process between the IL and ISBE. My focus, however, is limited to the city of Chicago as a case study. In other words, I simultaneously compare the generation of lottery revenues to the appropriations of these funds, all within the city limits of Chicago. My hypothesis, or wager if you will, predicts that the money-exchange process, between the IL and ISBE, transfers resources from marginalized to mainstream communities, and that this process is inherently racialized. I estimate that lottery-generated revenues disproportionately come from communities that are predominately comprised by people of color, specifically blacks and Hispanics, and then these funds are redistributed and spread across other communities throughout the city.

At face value, the interactive relationship between the IL and ISBE may seem race-neutral and colorblind. After all, no one group is required to play the lottery more than another, and the legal provisions governing the IL and ISBE are not racially explicit. This, however, does not negate the potential for these institutions' interactive relationship to be deeply racialized. This is particularly true when money is taken from communities of color then redistributed across other communities, especially predominately white ones. If my wager is correct, then the means by which Illinois funds public education is neither equitable nor progressive. Instead, this money-exchange process represents an inherently racialized state policy that can exacerbate racial inequalities by reproducing white privilege and nonwhite burden, particularly for blacks and Hispanics.

Now that my hypothesis has been proposed, let me outline the organization of my argument that follows. This thesis is organized in four parts: a brief literature review, my methodological approach, an analysis of racialized economic incidence, and a concluding statement about state-sponsored racism. In the first section, I discuss the widespread popularity of state lotteries, their general purpose, and the nature of their operation. Much of my focus, given the purpose of my investigation, is centered on the state of Illinois. The second section previews what methodological steps I take to complete the study. I detail my research design ranging from how data was collected and analyzed. In the next section, I simultaneously analyze the generation and appropriation of lottery revenues. For the last section, I situate my argument within the larger literary context of racism and highlight how the state constitutes a mechanism for reproducing inequality via the lottery.

CHAPTER TWO

HIGH STAKES PUBLIC FINANCING:

SITUATING THE ILLINOIS LOTTERY IN A NEO-LIBERAL CONTEXT

Neo-liberalism fosters an environment in which lotteries thrive. It has spurred both the economic and social disinvestment of the welfare state, in which support for public services such as healthcare, housing, and *education* has been withdrawn. While neo-liberal ideology rationalizes why the welfare state should wither, neo-liberal economic theory has restructured modes of production across not only the U.S. but the globe. Considering these combined factors, it becomes easier to understand why many Americans resent taxes for public services and how many of these same people lack ample means to pay for these services. Such a situation has left governments, particularly those at the state level, in positions where they must look to alternative sources of capital to finance the public sector. For many state governments, lotteries present an opportunity to generate large sums of money to fill budgetary shortfalls. Millions of dollars can be raised with little resistance, as no mandatory taxes are imposed upon the people. After all, lotteries are among Americans' favorite form of gambling.

Social Aspects of Neo-Liberalism

When former British Prime Minister Margaret Thatcher said, "There is no such thing as society" (see Kealy 1987:9) these words became a mantra for neo-liberal thought. Though it is common to speak of neo-liberalism strictly in market terms,

Thatcher's words demonstrate that it cannot be narrowly defined as such. Neo-liberalism is as much a social and cultural phenomenon as it is an economic one. Brown (2003) aptly captures this point when she points out that catchphrases such as "free trade," "maximized competition," "de-regulation," "privatization," and the "invisible hand" can be extended and disseminated "*to all institutions and social actions*" (p. 7).

If society does not exist, the world is comprised of nothing more than individual. This is a logical conclusion of neo-liberal principles applied to social thought, and this conclusion has strong political implications. When opportunities and circumstances are not socially derived, individuals become responsible for their own position in life. Social forces such as history, power, and inequality are divorced from constraining and enabling individual choices. Not only are they divorced, but they are erased from existence. Inequitable distributions of power, resources, and opportunity cannot be a plausible explanation for group disparities, because the failure to provide of one's own needs becomes personalized. Opportunities for material attainment are assumed to be available to everyone, just as long as one works hard enough and makes proper investment for the future.

When neo-liberal thinking is conflated with organizing the government, a natural consequence is the erosion of public services as we know them (Smith 2007). People do not want to fund what they see as a "free ticket" for people who prefer to remain dependent upon public support rather than be self-sufficient, especially when these "freeloaders" are assumed to be black and poor (Gilens 1999; Neubeck and Cazenave 2001). Despite the fact that the United States has the lowest tax rates of any industrialized nation (Nibert 2000), American anti-tax resentment, rationalized by neo-liberal thought,

flourishes for such reasons. Such resentment has produced tangible results in the U.S. tax code too.

Since the “taxpayer revolt” of the 1970s, both federal and state revenues have steadily declined, with those occupying higher class statuses (in terms of both wealth and income) receiving the most tax relief (Nibert 2000). What this means is that taxes have taken on a more regressive nature in which marginalized groups pay higher proportions of their income and wealth than do affluent groups and corporations. Not only has this burdened marginalized groups with an unfair share of taxation, but it has reduced the money pool available for federal and state government finance.

Economic Aspects of Neo-Liberalism

The money pool for financing public services is further reduced when we consider how the U.S. economy has transformed since the 1970s. In neo-liberal fashion, the so-called “free market” (i.e., large corporate interests) has transformed the dominant mode of production in the name of de-industrialization, de-regulation, and privatization (Eisenstein 2009). The free movement of capital across the globe has helped spur globalization, maximize profits for elite interests, and mobilize labor (Golash-Boza and Parker 2008). How has this affected the U.S.?

Large urban centers, like Chicago, have consequently shifted their manufacturing-based economies to service-oriented ones (Sassen 1990; Wilson 1987). This transition has left many unemployed or underemployed as work has simply disappeared. The remaining work available can be characterized by what has been labeled “McJobs” (Ritzer [1993] 2011). Such jobs typically pay low wages, have few opportunities for advancement, and employ a readily dispensable or replaceable workforce. Not only are

people confronted with monetary hardship, but this consequently adds to economic strains for the government. McJobs do not lend to larger tax bases that governments can draw from. The pool of potential tax revenue dwindles, yet public services must still be provided.

The social and economic dimensions of neo-liberalism act as a coupled force creating a fragile condition for state-financed public services. Anti-tax resentment and service-oriented economies translate into little money to fund such things as healthcare, housing, and education. Because states must still provide these public services, alternative means of generating revenue must be established. State lotteries are among the few options available as a solution to this problem. And it helps that Americans love to gamble.

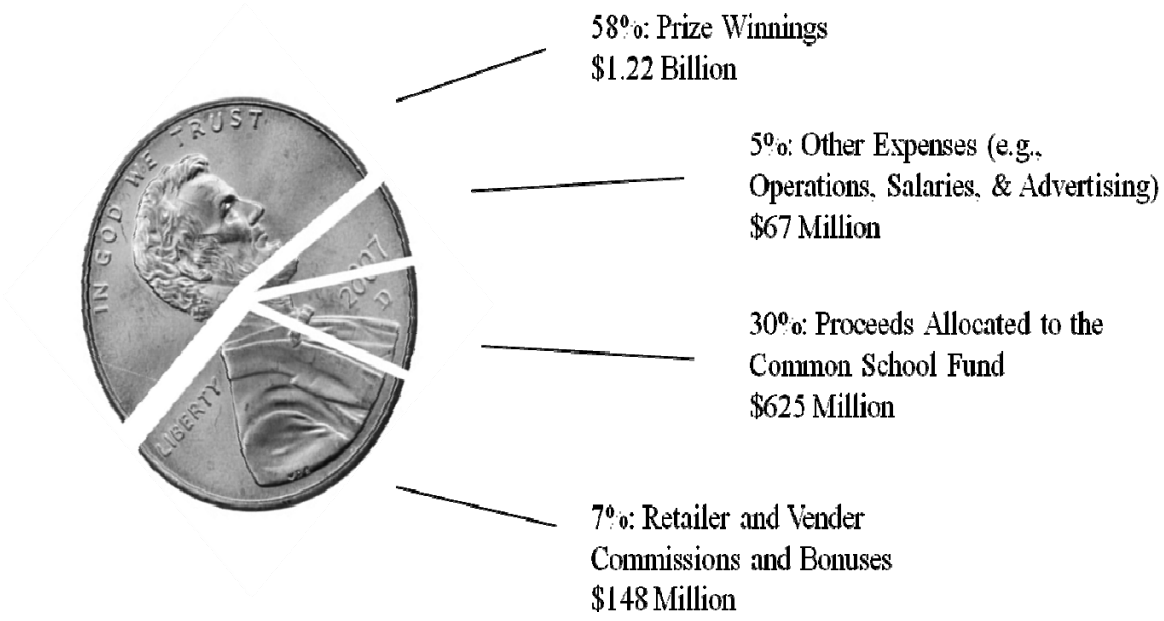
Lotteries, High Stakes Public Financing

Public support remains in high favor of state lotteries, as they are among the most popular forms of gambling by American adults (Gillespie 1999). In fact, one poll reports that approximately 46 percent of American adults purchased a lottery ticket within the past year (Jones 2009). Other figures show annual lottery ticket revenues throughout the nation's forty-one state-operated lotteries total more than $40 billion, which averages $212 per adult residing in a lottery state and $372 per household (Guryan and Kearney 2009).

In Illinois, lottery sales surpassed record-breaking totals for the seventh straight year during the 2009 fiscal year: approximately $2.1 billion ("Illinois Lottery" 2010). Of these revenues, 30 percent was allocated to the Common School Fund, which is the primary source for financing public primary and secondary education in Illinois; the

remaining money was designated for the lottery's operating costs, prize winnings, and other expenses ("State of Illinois" 2010). See Figure 1 for a breakdown of where lottery-generated revenues were expended, and see Figure 2 for an overview of how much lottery-generated money has been earmarked for Illinois public education over the past few years ("Illinois Lottery" 2005, 2009, 2010). For the 2009 fiscal year, 30 percent of lottery-generated revenues equated to approximately $625 million, which represents more than 20 percent of the state's total budget for public education ("State of Illinois" 2009). In years past, these contributions have varied but remained significant: FY08–$657MM; FY07–$622MM; FY06–$670MM; FY05–$619MM; FY04–$570MM; FY03–$540MM ("Illinois Lottery" 2005; 2009). As these figures show, the IL is a money-making machine when it comes to public education finance.

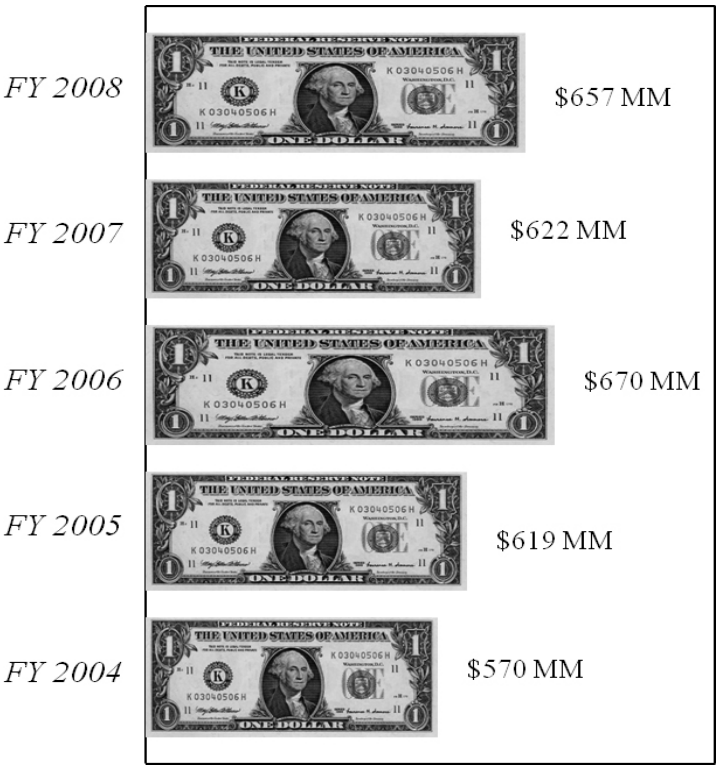
Figure 1. Expenditures of Lottery-Generated Revenues, FY2009



Source: "Illinois Lottery" 2010

Historically speaking, the IL is relatively new. It was created in 1973 by Illinois lawmakers for the purpose of providing supplemental funding for education (Gribben and Bean 2005). This promise, however, has not been kept. Since its inception, the IL has done little to supplement or provide additional funds to the state's public education. In 1985, state policymakers passed additional legislation to guarantee public education received its earmarked revenues from the lottery (Borg and Mason 1988). Even with the passage of this additional legislation, the IL has not increased or provided the additional support as originally promised. Instead, lottery revenues have displaced other sources of revenue that had previously financed the state's public education (Borg and Mason 1988).

Figure 2. Lottery Revenues Earmarked for IL Public Education, FY2004-2008



Source: "Illinois Lottery" 2005, 2009

Today, the state government of Illinois finds itself in a position of economic dependency. The state is confronted with budgetary shortfalls, the contemporary economic outlook is uncertain, and no alternatives are readily available for generating large sums of money. In this context, the state is an “instant winner” when it can reduce tax increases and rely upon the lottery to consistently provide hundreds of millions of dollars every year. Without these funds, Illinois public education would likely suffer. For these reasons, among others, the IL shows no signs of being abandoned or replaced any time soon.

CHAPTER THREE

THE LOTTERY TAX: GENERATED FROM AND EXPENDED UPON WHOM?

Because lottery-generated revenues are monies collected by the state and then expended upon a public service, like education, I, like others such as Nibert (2000), define the lottery as a mechanism of taxation. Unlike other forms of taxation, lottery-generated revenues depend upon "voluntary" participation. It is not imposed like property, sales, and income taxes. Rather, it is an "implicit" form of taxation that people can elect to pay by purchasing lottery tickets (Clotfelter and Cook 1989). The requirement of voluntary participation does not negate the fact that the lottery is a mechanism of taxation. Revenues carry the same value regardless of how the state collects them (Clotfelter and Cook 1989).

But from whom do the lottery-generated revenues primarily come? If advertisements are any indication, they come from marginalized groups such as the poor and minority racial groups. Consider one IL billboard advertisement from the mid-1980s. As reported by Barry Cronin (1986) of the *Chicago Sun-Times*, it read "How to go from Washington Boulevard to Easy Street–Play the Illinois State Lottery." This sign was located at 2300 W. Washington Blvd., which at the time was a poverty-stricken, predominately black neighborhood. Though similar advertisements with various local street names were posted throughout the state, Ronald Koziol and Dave Schneidman (1986) of the *Chicago Tribune* reported that these ads were not nearly as effective

compared to ads located in urban areas where mostly black, socio-economically disadvantaged people were heavily concentrated. Similar ads were virtually ineffective in suburban areas where neighborhoods were predominately both white and wealthy.

Another suggesstive IL advertisement includes a campaign that delivers a similar message. As Robert Goodman details (1995), billboards were selectively placed in low-income, predominately minority-concentrated areas and tauntingly read, “This could be your ticket out.” Such ads appeal to elusive dreams of fortune for people located in marginalized social positions. Consequently, they encourage many to make bad bets in which the house almost always wins.

Unlike Robin Hood, the lottery swindles money from the poor and gives it back to the rich. As Mark Thornton (1999) aptly describes, lotteries represent a Sheriff of Nottingham tax because of their regressive nature. That is, lottery players with fewer resources of income and wealth spend more money (in real dollar amounts and in proportions to income and wealth) on lottery tickets compared to their socioeconomically advantaged counterparts. Numerous studies corroborate this finding (see Blalock, Just, and Simon 2007; Borg and Mason 1988; Borg, Mason, and Shapiro 1991; Combs, Kim, and Spry 2008; McCrary and Pavlak 2002; Price and Novak 1999; Stranahan and Borg 1998).

Though most of the literature suggests the lottery is a regressive source of revenue, this finding has not achieved consensus. Three studies are worth noting. One is particular to Illinois, the other regards Colorado, and the last one has national relevance. In Illinois, John Mikesell (1989) found that income has a proportional relationship to

lottery play throughout all income levels. In other words, the more money a person makes the more frequently he or she plays the lottery. This counters the numerous findings referenced above, which virtually conclude that the poor play more. In Colorado, Ann Hansen (1995) found a positive relationship between a person's education and lottery play. Essentially, her data showed that people with higher education attainment purchase comparably more lottery tickets. Moreover, a national Gallup poll shows further inconsistencies. As opposed to being a regressive source of revenue, Jack Ludwig (1999) reports that the lottery may actually be a progressive tax structure. This poll shows that a larger proportion of people with higher income and education attainment play the lottery compared to their socioeconomically disadvantaged counterparts. In light of these inconsistent findings, more empirical investigation is needed to determine whether lottery represents a socioeconomically regressive source of revenue.

Further inconsistencies remain when race and ethnicity are introduced. Some studies identify no difference among whites, blacks, or Hispanics in the frequency of their overall lottery play (McCrary and Pavlak 2002; Stranahan and Borg 1998). These same studies do show, however, that blacks disproportionately spend more money on lottery products. Cook and Clotfelter (1993) confirm this trend. Though many studies are available detailing the lottery play of whites versus blacks, considerably fewer studies that include Hispanics are available. Notable exceptions include Hansen's (1995) study of Colorado lottery play and Price and Novak's (1999) study of Texas lottery play. In both these studies, scholars found that Hispanics spend more money on particular lottery products that cost less and yield smaller rewards like "Instant Win" tickets. Aside from

whites, blacks, and Hispanics, other racial and ethnic groups are virtually absent from the literature. Therefore, more empirical analysis is needed to determine not only if the lottery is a socioeconomically regressive source of revenue, but if, and to what extent, the lottery is regressive for different racial groups. If it is, then this means that certain groups absorb the brunt of financing a considerable portion of Illinois public education.

The Lottery Tax, Expended on Whom?

Many critics of the lottery call it exploitative, inequitable, and unjust. While this position may resonate with many people's moral reservations about the lottery, such a conclusion remains premature without empirical substantiation. For this position to be proven, evidence detailing not only who plays the lottery but who benefits from lottery-funded services is needed. In economic terms, this analysis is known as the economic incidence of the lottery, which involves simultaneously measuring how revenues are generated and expended. To my knowledge, few studies are inclusive of such an analysis. Borg, Mason, and Shapiro (1991) corroborate this as they argue that a majority of lottery studies have "looked at only half the issue–the tax side of incidence" (p. 15). That is, most studies examine the generation of lottery revenues, but not how these funds are spent. While this area of research is relatively underdeveloped, it is worthwhile pointing out the few innovative studies that have taken such an approach.

Case studies measuring the economic incidence of the lottery include the states of Georgia, Illinois, and Florida. Each of these studies measures the net tax liability for households residing within the state. In Georgia, McCrary and Pavlak (2002) found residents earning less spend proportionally more of their incomes on lottery tickets than

those with higher incomes. Also, they conclude lottery-funded programs such as higher education HOPE scholarships disproportionately benefit those who would attend college with or without financial assistance.

In Illinois, Borg and Mason (1988) report similar results. They argue the lottery is a bad bet for two reasons. Like other studies, they found that lower income households play the lottery more frequently than their counterparts. But these authors go further to argue that all Illinois households are shortchanged by the lottery, regardless of income level. This is because Illinois households contribute more tax revenues through lottery play than they receive from lottery-earmarked expenditures to public education.

Whereas case studies of Georgia and Illinois yield consistent findings, the case of Florida paints a somewhat different picture. Borg, Mason, and Shapiro (1991) found that most households, regardless of income level, enjoyed a net gain from lottery expenditures. In other words, most Florida households received more lottery-generated expenditures on education than they contributed. However, this trend has one exception: Households earning less than $10,000 annually. Households in this income range spend more money on the lottery than they receive in expenditures. Therefore, the lottery is a losing bet for households in the lowest income group. But other households are “instant winners.”

As these studies indicate, the lottery is like a Sheriff of Nottingham tax. To varying extents, it takes from the poor and gives to the rich. These studies do an apt job of showing how capital is transferred away from one or more groups and allocated to another group or groups. Though these studies are highly suggestive, more

comprehensive evidence is needed to conclude whether the lottery is exploitative, inequitable, and unjust. Despite their innovative efforts, these pioneering studies (and lottery studies in general) remain limited in a number of ways. And it is this subject to which I now turn my attention.

CHAPTER FOUR

LOTTERY STUDIES: A BRIEF CRITIQUE

Lottery studies are limited by substantive shortcomings. As Roberto Garvía (2007) notes, the literature remains largely absent of a sociological perspective. Instead, much has been written by those in the fields of economics, political science, public policy, and business administration. Moreover, lottery studies lack a race perspective. Either lottery scholars dismiss race from their analysis or they narrowly address race by acknowledging it as a peripheral, not central, subject.[1] When this happens, lottery scholars underscore the continuing significance of race and how lotteries (re)produce racial inequality. In terms of the IL and ISBE, racial inequality is (re)produced when the state generates revenues from some groups and allocates them to others.

Not only have researchers underscored the significance of race as it relates to the regressive nature of lotteries, but researchers that do address race have traditionally done so in dichotomous fashion. Instead of recognizing multiple groups, most studies rely on binary analyses addressing only two groups. Such an approach overlooks many racial groups, and thus is over-simplistic. For instance, Borg and Mason (1988) and Borg, Mason, and Shapiro (1991) analyze race as if this category is comprised of two groups:

[1] Many researchers overemphasize socioeconomic indicators of class, while they treat race as an "afterthought" variable (see Blalock, Just, and Simon 2007; Borg, Mason, and Shapiro 1991). Still, others omit race from their analysis altogether (see Combs, Kim, and Spry 2008).

whites and nonwhites. A similar problem confronts McCrary and Pavlak (2002) because they analyze race as if it is comprised of blacks and nonblacks. As these strategies show, racial groups are collapsed in dichotomous fashion into umbrella racial categories. This is problematic because, as Bonilla-Silva and Embrick (2006) contend, the growing presence of other groups aside from whites and blacks nuances racial stratification in the U.S. The increased representation of groups such as Hispanics, Asians, multiracials, among others redraws the color line, and it complicates how political, cultural, and social power is distributed. Therefore, when researchers follow a dichotomous analysis of race, they not only exclude significant populations of racial others but they oversimplify racial inequality in the U.S.

While lottery studies have substantive shortcomings in terms of race, many are also limited by inherent methodological problems. A number of methods undertaken by lottery scholars undermine the findings their studies have produced and what conclusions they have drawn. Briefly, I address some of these problems and follow-up by suggesting alternative methodological approaches.

To begin, many lottery studies rely on two modes of data collection: mail surveys (see Borg, Mason, and Shapiro 1991) and telephone interviews (see Borg and Mason 1988; McCrary and Pavlak 2002; Stranahan and Borg 1998). Each approach poses unique concerns. When data is collected via mail or telephone surveys, several assumptions are made about the studied population. Those who utilize mail surveys assume potential research participants reside in a permanent dwelling, while those who utilize telephone interviews assume potential participants not only have a permanent dwelling but a landline telephone located within that dwelling. Given the regressive nature of lotteries,

these assumptions can significantly impair a study's ability to tap the appropriate population and generalize beyond the sampled population.

Such shortcomings are apparent in studies performed by McCrary and Pavlek (2002) and Borg, Mason, and Shapiro (1991). In the former, data was collected via the telephone interview. Not only did this approach gain a 51.3 percent response rate, but only 51 percent of participants were active lottery players. That is, only half of half the sampled population played the lottery. Furthermore, this sample was oversaturated by whites, females, and homeowners, which the authors found to be the groups least likely to play the lottery. Similar problems confront Borg, Mason, and Shapiro's (1991) study, which utilizes mail surveys. Such an approach is notorious for its low response rates, which are typically ranked at the bottom of all modes of data collection (Czaja and Blair 2005). This trend holds true for Borg, Mason, and Shapiro (1991) as they reported a dismal response rate of 17.8 percent. When response rates are so low, the quality of the survey and study design come into question.

Simply said, much work remains in the area of lottery studies. Though the critique I have offered is not exhaustive, it does outline some of the substantive and methodological limitations within the current body of lottery studies. Bearing these shortcomings in mind, new research designs should practice ingenuity and innovation to avoid problems of the past and progress what knowledge lottery studies have to offer. For my study design, I attempt to do just that.

CHAPTER FIVE

A CHICAGO CASE STUDY: PURPOSE AND METHODS

Because my analytic goals are twofold, the methodological design is organized in phases. My research agenda is to venture where few, if any, lottery and race scholars have gone: Analyze the racialized economic incidence of the lottery. This entails simultaneously examining the generation and appropriation of lottery revenues, with respect to the racial makeup of the communities involved in this money-exchange process. By assessing the generation of lottery revenues, I attempt to determine to what extent these funds are racially regressive. In the second phase of analysis, I critically examine how lottery-generated funds are distributed to Illinois public education.

Sampling Frame

To measure the economic incidence of the lottery, I rely upon spatial analysis of zip code tabulation areas (ZCTAs). Within the city of Chicago, there are, according to the 2000 Census, 55 ZCTAs. However, not all these areas are included in my analysis. I employed a sampling scheme that considers the racial composition of the population age 18 years and older for each ZCTA, and if a ZCTA meets a certain racial makeup then it is included in my analysis.

Drawing from the work of Krysan and Brader (2009), I created a taxonomy (see Table 1) to determine which ZCTAs were sampled. In it, I focus on four groups: whites, blacks, Hispanics, and Asians. Because other groups lack a statistically significant

portion of the population, as recorded by census data, they are excluded from focus. (See Table 2 for a list of the sampled ZCTAs and their associated Community Areas; see APPENDIX A for supplementary demographic data profiling these ZCTAs.)

Table 1. Typology of Chicago ZCTAs by Racial/Ethnic Composition*

All white	communities where 85 percent or more of residents or students are white only
Mostly white	communities where 70 percent or more of residents or students are white only and there are fewer than 15 percent of any single other race
All Asian	communities where 85 percent or more of residents or students are Asian only
Mostly Asian	communities where 70 percent or more of residents or students are Asian only and there are fewer than 15 percent of any single other race
All Hispanic	communities where 85 percent or more of residents or students are Hispanic only
Mostly Hispanic	communities where 70 percent or more of residents or students are Hispanic only and there are fewer than 15 percent of any single other race
All black	communities where 85 percent or more of residents or students are black only
Mostly black	communities where 70 percent or more of residents or students are black only and there are fewer than 15 percent of any single other race

* Population that is 18 years and older.

For my purposes, a ZCTA-based analysis is sufficed because of Chicago's high levels of segregation. This city remains among the most racially segregated cities in the United States (Lewis Mumford Center 2001). Therefore, a ZCTA-to-ZCTA comparison is also inherently a comparison of racial groups and their residential communities. According to Massey and Denton (1993), housing segregation, which generally refers to the tendency for racial groups to live apart, can be distinguished as having five distinct dimensions according to geography: unevenness, spatial isolation, clustering, centralization, and concentration. If four out of five of these dimensions characterize a

geographic area then hypersegregation, or segregation at much exaggerated levels, is present. Chicago is characterized by such a label (Massey and Denton 1993).[1]

Segregation in housing corresponds with segregation in education because, as McKoy and Vincent (2006) point out, these two "have always been organically connected" (p. 143). Public school enrollment is generally organized by the geographic proximity of residence to school location (McKoy and Vincent 2006; Orfield and Lee 2005). Public education in Chicago follows this trend. Because race is a salient determinant of where someone lives within Chicago, school enrollments are racially divided across schools (Sohoni and Saporito 2009). The racial isolation of blacks and Hispanics in public schools is further exacerbated considering that whites are much more likely to attend private schools (Sohoni and Saporito 2009). In short, Chicago's high level

[1] A brief comment on the housing debate between race and class is warranted here. Some sociologists attribute the persistence of segregation within Chicago as resulting from economic, not racial, forces (e.g. Wilson 1978; 1987). However, Massey and Denton (1993) show how racial minorities, particularly blacks and some Puerto Ricans, are relegated to live alongside other minorities, regardless of class measures such as household income level.

My stance differs from both these positions: It is not the salience of class over race, or vice versa, that maintains segregation. Instead, it is the convergent and interlocking nature of race *and* class that maintains segregation. To illustrate my point, consider Oliver and Shaprio's ([1995] 2006) *Black Wealth/ White Wealth*. Limiting their analysis to the black-white racial dichotomy, these authors show how blacks are cumulatively disadvantaged in the housing market, while whites are cumulatively advantaged. Blacks are more likely to be discriminated against in supposedly open housing markets, steered to poverty-stricken, heavily black-concentrated neighborhoods, denied loans despite possessing comparably equivalent measures of credit-worthiness, charged much higher interest rates once those loans are approved, reside in homes that appreciate value at significantly lower rates than their white counterparts, and transfer significantly lower values of accumulated wealth to succeeding generations.

of segregation in both housing and education enables a ZCTA-based sampling frame to be adequate for my analytic purposes.

Table 2. Selected Chicago ZCTAs and their Associated Community Areas*

All White	
60614	Lincoln Park, Logan Square
60631	Edison Park, Norwood Park
60646	Forest Glen, Jefferson Park, North Park, Norwood Park
60655	Beverly, Morgan Park, Mount Greenwood
60656	O'Hare
Mostly White	
60601	The Loop
60611	Near North Side
60613	Lakeview, North Center, Uptown
60630	Albany Park, Forest Glen, Irving Park, Jefferson Park, Portage Park
60634	Belmont Cragin, Dunning, Monteclare, Portage Park
60638	Clearing, Garfield Ridge
60657	Lakeview, North Center
All Black	
60619	Avalon Park, Burnside, Calumet Heights, Chatham, Greater Grand Crossing, Roseland, South Shore
60620	Auburn Gresham, Beverly, Chatham, Greater Grand Crossing, Roseland, Washington Heights
60621	Englewood, Greater Grand Crossing, Washington Park
60624	East Garfield Park, Humboldt Park, North Lawndale, West Garfield Park
60628	Pullman, Roseland, Washington Heights, West Pullman
60636	Chicago Lawn, Gage Park, West Englewood
60644	Austin
60649	South Shore
60653	Douglas, Grand Boulevard, Kenwood, Oakland
Mostly Black	
60637	Greater Grand Crossing, Hyde Park, South Shore, Washington Park, Woodlawn
60643	Beverly, Morgan Park, Washington Heights, West Pullman
60651	Austin, Humboldt Park
Mostly Hispanic	
60632	Archer Heights, Brighten Park, Gage Park, Garfield Ridge, West Elsdon

Source: "Chicago Tribune" 2011

* ZCTA 60654 has a total of 7 listed residents. Because this population is statistically insignificant, it is omitted from analysis.

In total, 26 ZTCAs meet the outlined criteria set forth in the typology. One of these (60654) is removed from analysis, however, because it is statistically significant; it has only seven residents. Of the remaining 25 ZCTAs, five are "all white," seven are

"mostly white," nine are "all black," three are "mostly black," and one is "mostly Hispanic." A majority of the white ZCTAs fall on the north and northwest sides of the city, while a majority of the black ZCTAs fall in Chicago's traditional "black belt" areas: the west and south sides. Only one mostly Hispanic ZCTA was selected, and it is located on the southwest side.[2] (For a map of the ZCTAs included in my analysis, see Figure 3.)

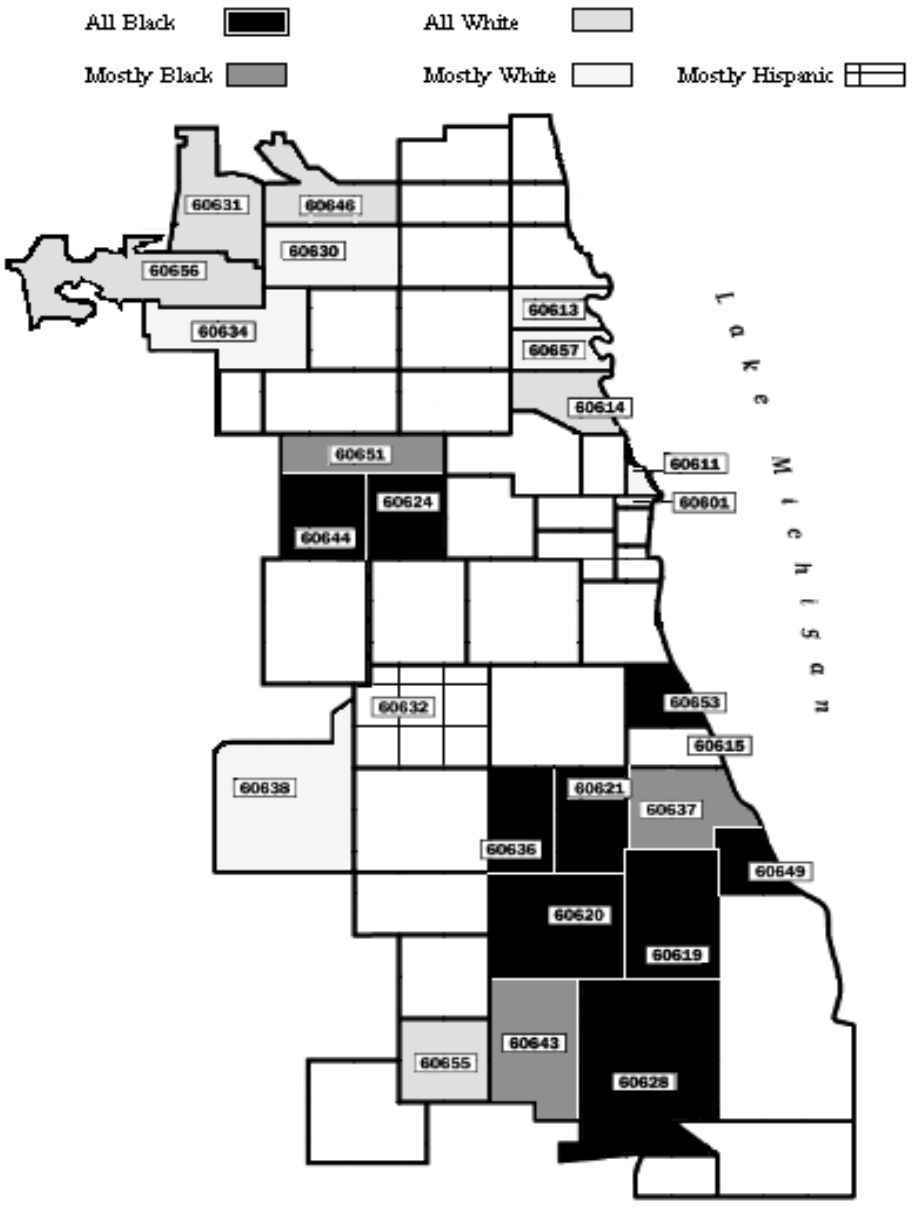
Mode of Data Collection

The analytic logic driving this study is to "follow the money." In other words, I detail where lottery revenues originate and how they are then distributed. To accomplish this task, I collect data from various sources, including census data and other public records. The 2000 Census is tapped as the source for demographic data of residents per each ZCTA. Data concerning the generation of lottery revenues was collected via

[2] The fact that only one Hispanic community was selected can be explained, in part, by newly emerging census trends. The number of Hispanics who solely identify (ethnically and racially) as such is dwindling. In fact, nearly half of Hispanics racially identified as white during the 2000 Census (Michael and Timberlake 2008). Some have attributed this trend to the notion that Hispanics are experiencing a "whitening effect," in which they are increasingly self-selecting as white, marrying and reproducing with whites, residing alongside whites in residential neighborhoods, and achieving socioeconomic mobility that is more comparable to whites than blacks (Gallagher 2004; Yancey 2003). A significant number of Hispanics, however, reject identifying with a racial category altogether by opting for "some other race" or skipping the question. This can be explained by the fact that many Hispanics, especially Mexicans and Puerto Ricans, answer survey questions regarding race and ethnicity as mere substitutes for one another, rather than distinctly different (Perez 2008). Logan (2004) has labeled this particular group the "Hispanic Hispanics." They tend to be darker-skinned and have lower socioeconomic attainment levels compared to whites and other lighter-skinned Hispanics (Bonilla-Silva and Embrick 2006**;** Michael and Timberlake 2008). The ZCTA included in my sample meets such criteria.

institutional audit of the IL, while data concerning the distribution of lottery revenues was collected via institutional audit of the ISBE.

Figure 3. Map of Selected Chicago ZCTAs, 2000



All demographic data collected from the 2000 Census is readily available online.[3] This census data represents the most comprehensive dataset that details the demographics of residents living within each Chicago ZCTA. (For a brief methodological critique of the U.S. Census, see APPENDIX B.) Though census data can be collected with relative ease, information regarding the generation and distribution of lottery revenues entailed more difficulty.

Financial records detailing the amounts of lottery-generated revenue per ZCTA were obtained after performing an institutional audit of the IL (see APPENDIX C for the formal request). This audit was performed in accordance of Illinois Freedom of Information Act (FOIA), or 5 ILCS 140, guidelines (see Madigan 2004).[4] Because lottery-generated revenues are partially used to finance a public service provided by the state, financial documents that detail them constitute public records of interest. According to FOIA, this makes them available to the public upon request.

In addition to requesting financial records of lottery-generated revenues, I also collected documentation of how public education is funded in Illinois. Like census data, this information is publicly available online.[5] The process by which the state funds public education is made explicit in Public Act 90-548, which outlines the General State Aid

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[3] This dataset can be accessed online. Decennial census data for the 2000 Census is available at http://factfinder.census.gov/. All census data utilized for this study came from Summary Files 1 and 3 ("U.S. Census Bureau" 2001a, 2001b).

[4] Financial records were requested in electronic format, rather than in physical document form.

[5] This data was accessed at ISBE's website: http://www.isbe.state.il.us/funding/pdf/gsa_overview.pdf.

(GSA) formula used by the ISBE to distribute funds across the state. I have purposefully chosen to analyze this law rather than show where lottery-generated funds are expended. This is because "tracking" the money is virtually impossible given how state government has organized its finance structure scheme for public education.[6]

[6] Bluntly put, the finance process of Illinois public education is similar to a money laundering scheme. This is because the Illinois Department of Revenue (IDOR) disguises the origins of earmarked revenues for education through its overly-simplistic accounting practices. First, IDOR generates money for education from numerous sources, including the private sector as well as the state and federal government, and then it transfers this money into one general education fund–the Common School Fund (Johnson 1999; "State of Illinois" 2009). Once money is located here, the ISBE redistributes it to finance public education ("State of Illinois" 2009). This finance scheme is obscured when the state lumps several sources of money into one pool, distributes this pool across several locations, and then fails to keep a ledger to show where money is spent with respect to where it originated. Because of this laundering-like finance scheme, it is virtually impossible to track where lottery-generated revenues are spent.

CHAPTER SIX

THE RACIALIZED ECONOMIC INCIDENCE OF THE ILLINOIS LOTTERY

My analytic goals are to measure the racial regressivity of lottery-generated revenues in Chicago and evaluate how these funds are then distributed. My first goal is accomplished by performing ordinary least squares (OLS) regression analysis, while my second goal is met by critically examining the formula by which state funds are appropriated. When these analyses are combined, they complement one another to "follow the money" and show where lottery revenues originate and how they are expended. Therefore, the completion of these tasks lends a better understanding of the IL in Chicago and its racialized economic incidence.

Generation of Lottery Revenues

To evaluate social factors associated with lottery-generated revenues, I utilized OLS regression. This analytic method permits me to gain a more nuanced understanding of how multiple variables simultaneously, but independently affect the outcome of lottery sales. In total, I provide four models of regression analysis. In each model the independent variables remain constant, but the outcome variable changes according to annual lottery sales. Fiscal years 1999 through 2002 are included. What these multiple models yield is a more detailed analysis, one that allows trends of annual lottery sales of ZCTAs to be compared over time. Such an approach lends to a more conclusive study

since many, rather than one, "snapshots" are considered.[1]

Because my unit of analysis is the ZCTA, I rely upon group summary statistics for independent (and dependent) variables. Situating my research within the literature, I am primarily interested in how race affects lottery sales. However, I also give considerable attention to class. Three independent variables are of interest to my analysis, two that are indicative of class and one of race. In terms of class, I measure education attainment per ZCTA by considering the percentage of the community that has obtained a bachelor's degree or higher, while I measure income by considering the mean household income per ZCTA. In terms of race, I measure the racial/ethnic composition of each ZCTA according to the typology (Table 1) mentioned above. This permits me to compare communities that are predominantly comprised by one group to communities predominantly comprised by another group. All the while, I control for population size of those 18 years and older living within each ZCTA. This variable is included as a control for two reasons. One, I am only interested in those 18 and older because this population represents the potential tax base for lottery sales given that minors are legally prohibited from playing. And two, ZCTAs with much larger populations are likely to purchase more lottery tickets due to the sheer fact that they have a larger pool of potential players. For results of this analysis, see Table 3.

[1] These years have been purposefully selected to compare two sources of data that were collected at different points in time. U.S. Census data are collected decennially, while lottery revenues are recorded annually. By comparing census data from 2000 to annual lottery revenues from fiscal years 1999 through 2002, my analysis yields more precision by cross-examining data collected at similar points in time.

Table 3. OLS Regression Models of Lottery Sales per ZCTA

	FY 1999	*FY 2000*	*FY 2001*	*FY 2002*
Independent Variables				
Education	-195,350	-193,243	-184,213	-189,289
Population with a BS, BA, or Higher, per ZCTA (in percents)	(58,198)	(59,279)	(58,764)	(63,518)
Income	192	193	187	189
Mean Household Income, per ZCTA (in dollars)	(69)	(70)	(69)	(78)
Race/Ethnicity	2,228,913	2,329,109	2,317,587	2,273,998
Racial/Ethnic Composition, per ZCTA (5-Point Scale)*	(517,712)	(527,323)	(522,748)	(565,033)
Control Variable				
Tax Base Population	194	184	179	189
Population Aged 18 and Older, per ZCTA (in percents)	(37)	(38)	(37)	(40)
Constant	-10,683,770	-10,756,959	-10,745,463	-10,504,884
Pearson's R	.892	.888	.885	.873
R^2	.796	.788	.784	.762
Std Error of the Estimate	2,773,779	2,825,274	2,800,763	3,027,314
N (ZCTAs)	25	25	25	25

Note: Main entries are unstandardized regression coefficients (*B*) with *their standard errors listed below in parentheses.*

** The 5-Point Nominal Scale is measured according to the typology outlined in Table One. Its values are as follows: 1 – All White; 2 – Mostly White; 3 – Mostly Hispanic; 4 – Mostly Black; 5 – All Black.*

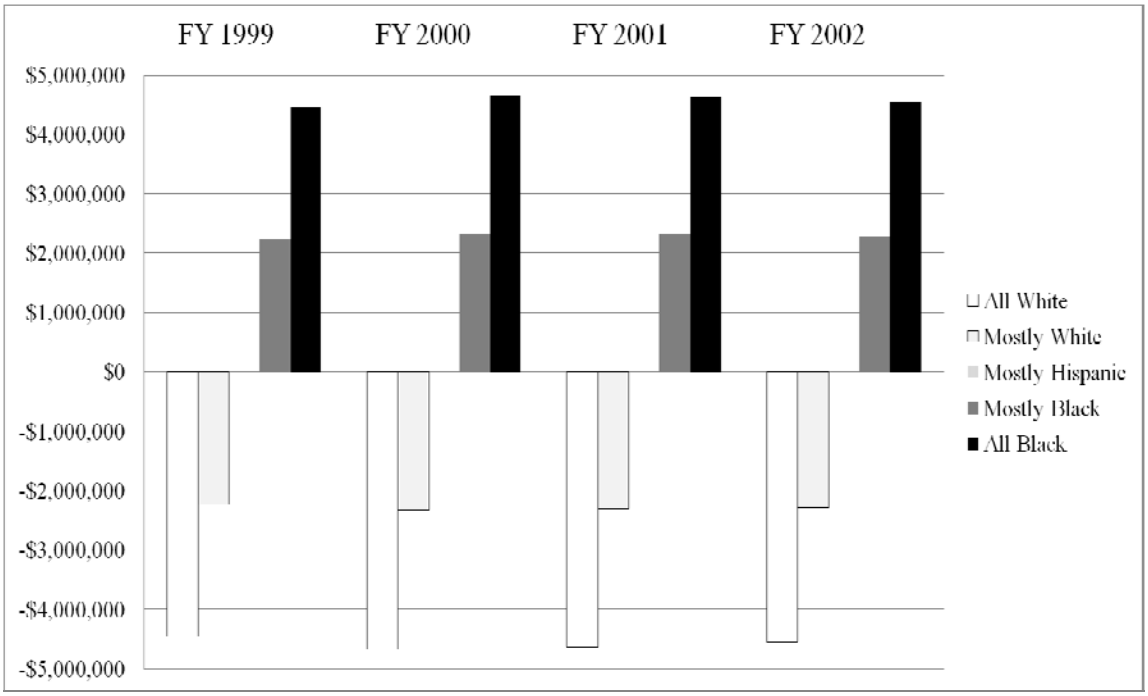
Table 3 presents much information, but what does it all mean? First, I begin by explaining the analytic purpose of each piece of statistical information provided, then my discussion transitions into what this information collectively means. The main entries listed include unstandardized regression coefficients and standard errors of the regression coefficients. An unstandardized coefficient represents the predicted change in the

dependent variable associated with a one-unit change in a particular independent variable, when all other independent variables are held constant (Lewis-Beck 1980). Simply put, this coefficient is the slope of a regression line. Consider an example from the first model (FY 1999). When a ZCTA's racial/ethnic composition shifts from all white to mostly white, mostly white to mostly Hispanic, mostly Hispanic to mostly black, or mostly black to all black, annual lottery sales per ZCTA increase by $2,228,913, when measures of income and education are controlled. Therefore, an all black ZCTA contributes $11,144,565 more annual lottery revenues than an all white ZCTA when income and education are held constant. Trends of the unstandardized regression coefficients for Racial/Ethnic Composition per ZCTA remained consistent across all four models. "Blacker" communities contribute the most money to the lottery tax, while "whiter" communities contribute least. Hispanic communities fall in-between these groups, contributing more than "whiter" communities but less than "blacker" communities. (See Figure 4 for an overview of these trends.)

It should be noted that the unstandardized coefficients of the models should be interpreted with caution. Because multicollinearity exists among the independent variables, particularly between the measures for education and income, these coefficients are vulnerable to estimation error. "The multicollinearity problem" simply refers to when independent variables within a model are highly correlated; its presence causes standard errors for each independent variable's unstandardized coefficient to range broadly (Lewis-Beck 1980). The presence of multicollinearity, however, does not fully dismiss my findings altogether. I remain confident that the lottery remains a racially regressive source of revenue given the supplemental tests I have performed measuring the degree of

existing multicollinearity (see APPENDIX D). Furthermore, reliability of the models remains intact, as overall predictability of the outcomes is not affected (Lewis-Beck 1980).

Figure 4. Unstandardized Coefficients for Racial/Ethnic Composition per ZCTA



Note: An unstandardized regression coefficient represents the predicted change in the dependent variable associated with a one-unit change in a particular independent variable, when all other independent variables are held constant. Simply put, this coefficient is the slope of a regression line. The above graph illustrates the shift in annual lottery sales per ZCTA when a ZCTA's racial/ethnic composition shifts one-unit (e.g., mostly black to all black), when measures of income and education are controlled. The "Mostly Hispanic" ZCTA represents the baseline comparison.

The second main entry includes the standard error of the unstandardized regression coefficient, which simply refers to the average estimated error. Using the same example from the FY 1999 model, I estimate that the standard error of the unstandardized regression coefficient is $517,712. This means that for each one-unit shift in racial/ethnic composition per ZCTA the change in annual lottery sales per ZCTA ranges from 1,711,201 to 2,746,625, when the other independent variables are held constant.

Below the main entries are various other statistics that lend a more comprehensive analysis. The first is the constant, which value represents the y-intercept. Its function is to account for what is not accounted for by the independent variables (Lewis-Beck 1980). That is, its value makes up the difference on the dependent variable for what remains uncalculated by the independent variables.

The next statistic provided is *Pearson's R*, which is short for Pearson's correlations coefficient. This statistic is commonly used to describe how well the model "fits" the data. (Norušis 2008). It ranges from -1 to +1, and this scale measures how close cases cluster to the regression line. If the value is +1 then all the cases fall along the positive regression line, and if the value is -1 then all the cases fall along the negative regression line. Because the *Pearson's R* statistic approximates .9 in all four models above, this indicates that strong, positive linear relationships exist between the independent and dependent variables.

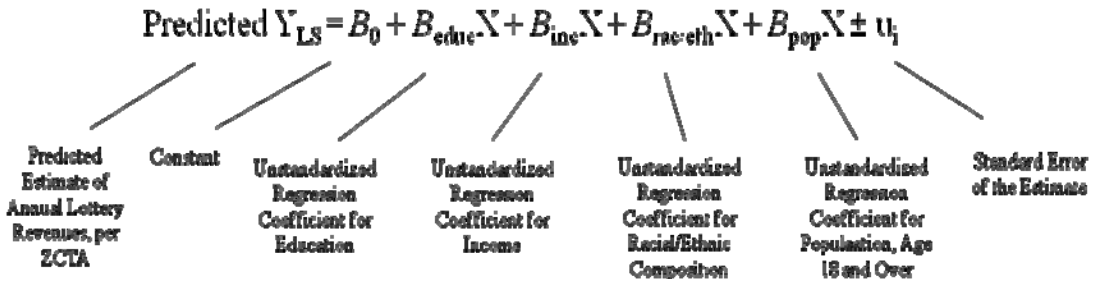
Listed below *Pearson's R* is R^2, which refers to "explained variance." Essentially, this statistic is a comparison of the actual observations versus predicted observations. It "tells you what proportion of the variability of the dependent variable is 'explained' by the regression model" (Norušis 2008). For the various models above, the R^2 statistic approaches .80. This means that the models consistently explain nearly 80 percent of the variability for annual lottery revenues.

The standard error of the estimate refers to the prediction error of the dependent variable. This statistic is calculated by comparing the standard deviation of the observed outcome with the predicted outcome (Lewis-Beck 1980). This value enables researchers to construct confidence intervals, which is essentially a range of where some predicted

outcome falls. It is a probability-driven estimate. For the models above, the standard error of the estimate ranges between $2.7 and $3.0 million.

All these statistics taken together, regression analysis yields several results that are of interest to me. It enables me to measure the effects of independent variables, disassociated from other independent variables, on some dependent variable. In theory, regression analysis allows researchers to disentangle and measure "race effects" from "class effects" (Bonilla-Silva and Baiocchi 2008; Oliver and Shapiro [1995] 2006). It also lends a means of analysis that can assess how race operates simultaneously alongside other variables, since it rarely exists in a vacuum disconnected from other factors such as class (Bonilla-Silva 2001). Through the equation that expresses OLS regression analysis, I can perform these analytic tasks. This equation is diagramed below (see Figure 5).

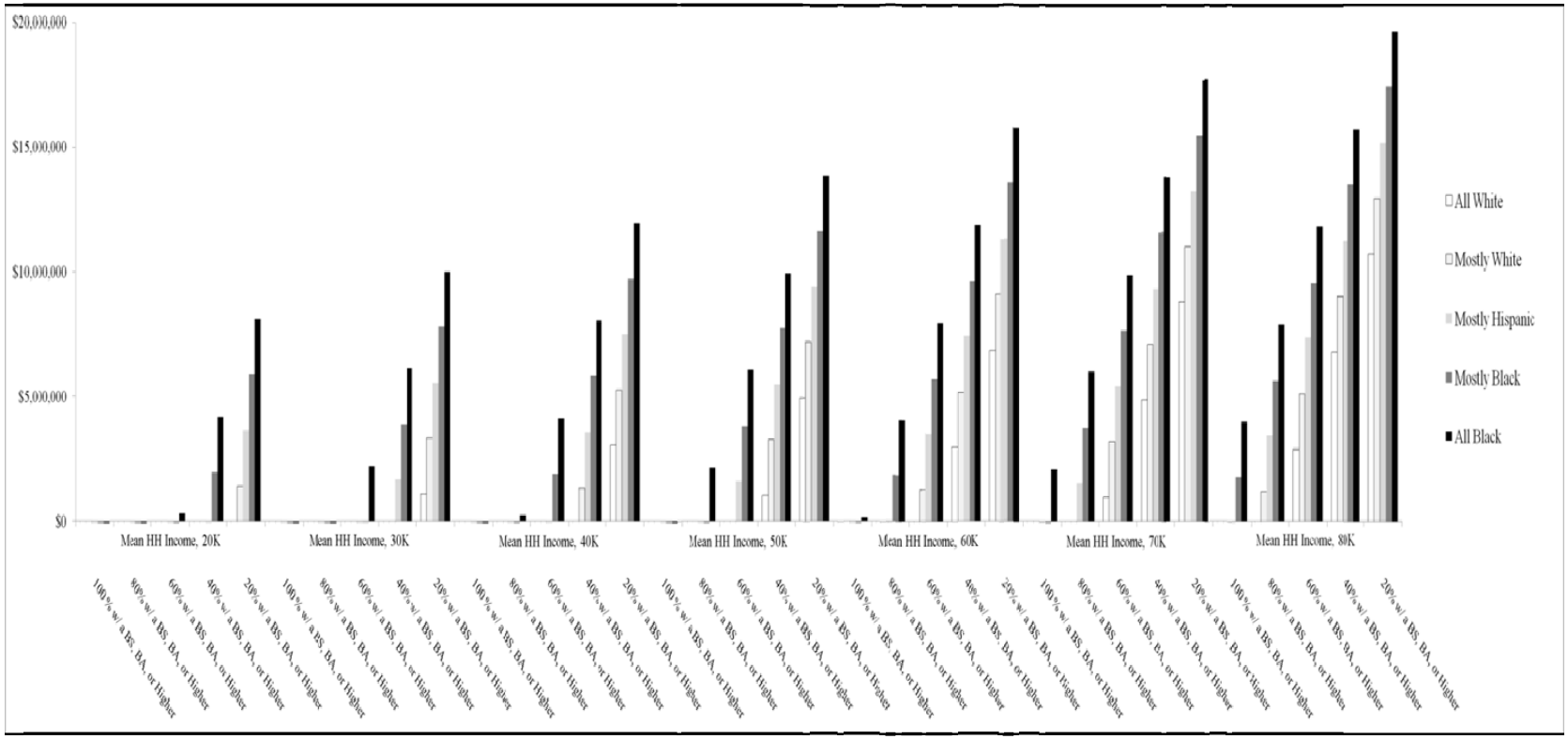
Figure 5. OLS Regression Equation for Models of Lottery Sales per ZCTA



The formula of OLS regression analysis is a linear estimation that models the relationship between some dependent variable and various independent variables. Pertaining to my analysis, it estimates how race, education, and income affect annual lottery sales, per ZCTA. Whereas the unstandardized regression coefficients are like small pieces of a puzzle, the OLS linear equation represents the larger puzzle. In other words, it forecasts the level of annual lottery sales given particular values of the

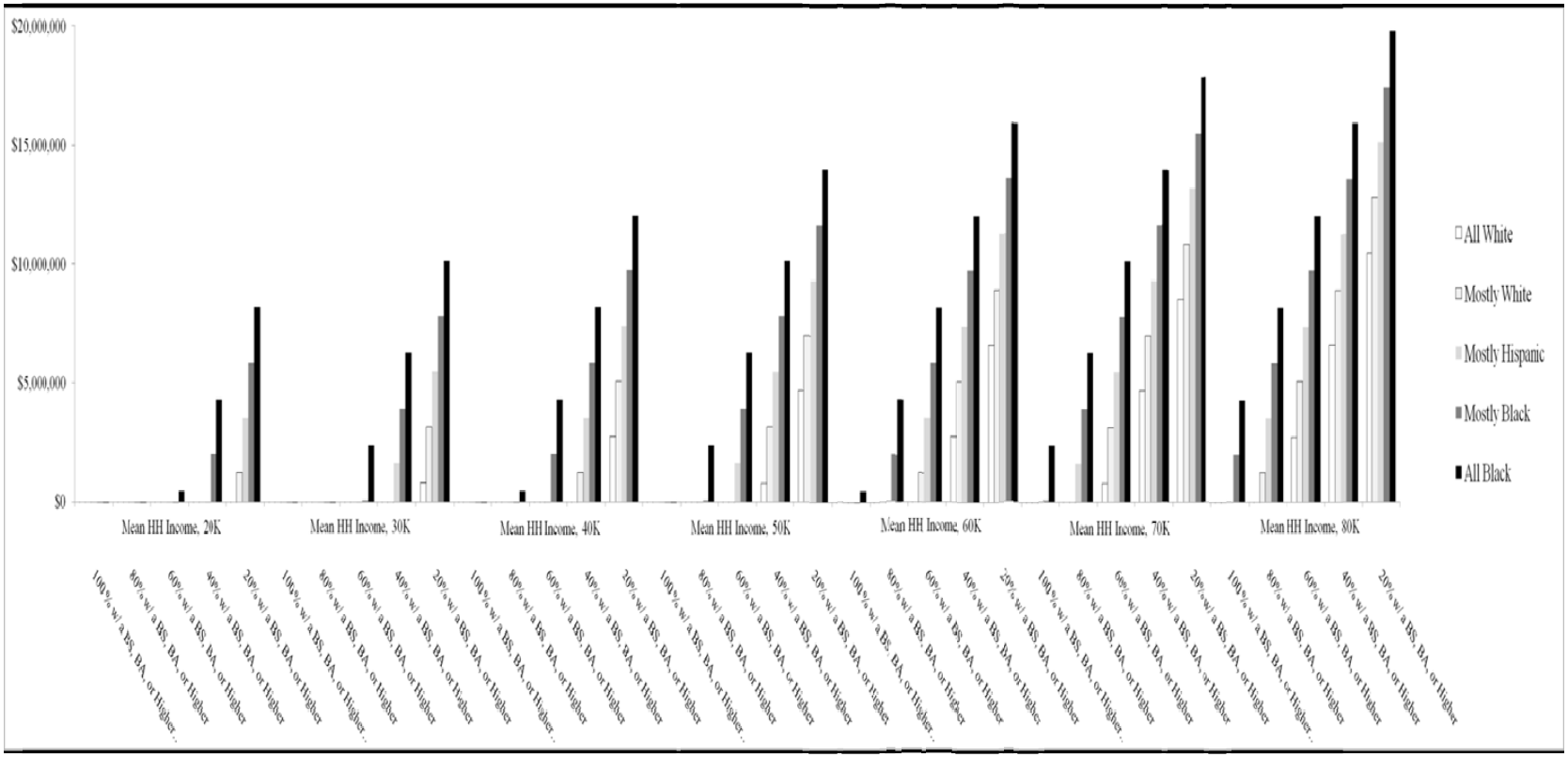
independent variables. To better illustrate the relationship of race, income and education on annual lottery sales, I provide a number of graphs below (See Figures 6 through 9). For simplicity sake, however, I have omitted the standard error of the estimate from calculation. This means the outputs provided in the graphs are crude measures. These graphs nonetheless show linear predictions of annual lottery sales utilizing the formula outlined above.

Figure 6. Regression Model of Predicted Annual Lottery Sales, FY 1999*



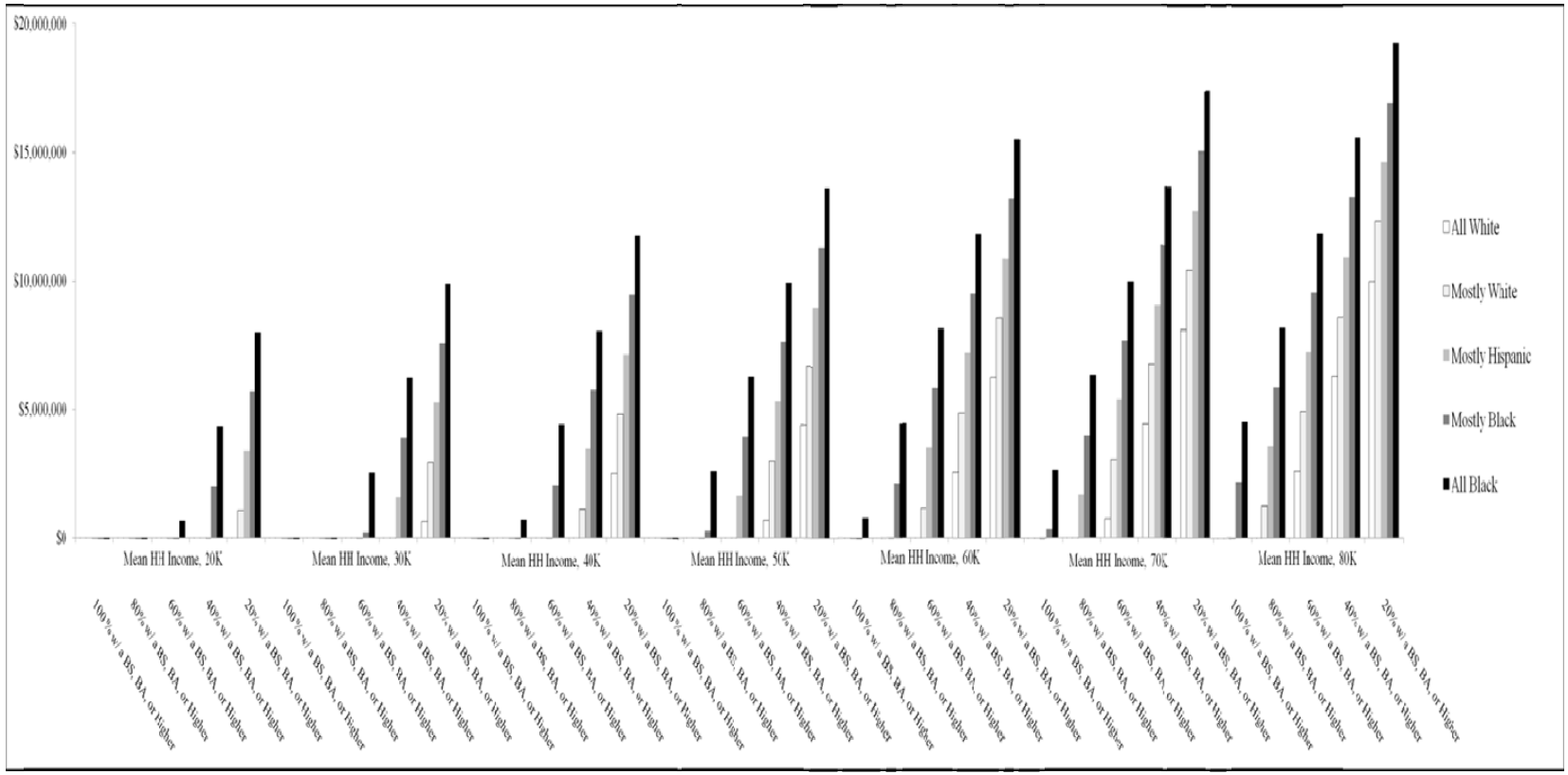
*Calculations omit the standard error of estimate and assume a constant value for each ZCTA's population size. This value is 39,722, which is the mean population of the 25 sampled ZCTAs.

Figure 7. Regression Model of Predicted Annual Lottery Sales, FY 2000*



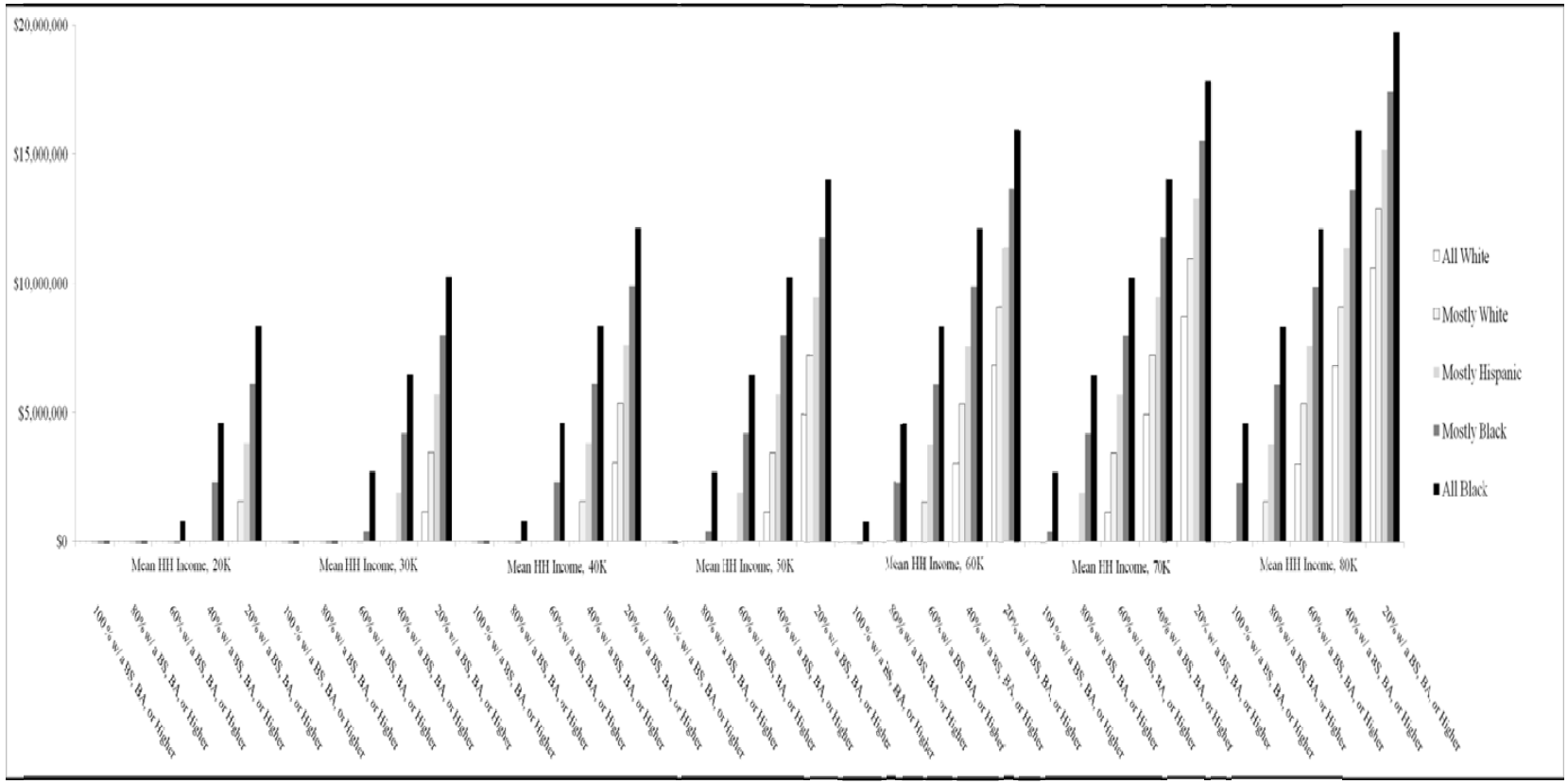
**Calculations omit the standard error of estimate and assume a constant value for each ZCTA's population size. This value is 39,722, which is the mean population of the 25 sampled ZCTAs.*

Figure 8. Regression Model of Predicted Annual Lottery Sales, FY 2001*



*Calculations omit the standard error of estimate and assume a constant value for each ZCTA's population size. This value is 39,722, which is the mean population of the 25 sampled ZCTAs.

Figure 9. Regression Model of Predicted Annual Lottery Sales, FY 2002*



*Calculations omit the standard error of estimate and assume a constant value for each ZCTA's population size. This value is 39,722, which is the mean population of the 25 sampled ZCTAs.

Substantively, what do these graphs illustrate? It paints a consistent picture of how race "colors" annual lottery revenues. Annual lottery revenues per ZCTA increase accordingly by racial/ethnic composition at every income and education level. White ZCTAs spend less than Hispanic ZCTAs, and Hispanic ZCTAs spend less than black ZCTAs. This means that communities predominantly comprised by people of color pay significantly higher lottery taxes than do communities predominantly comprised by whites. Altogether, these graphs illustrate the racial/ethnic regressivity of the lottery irrespective of class status.

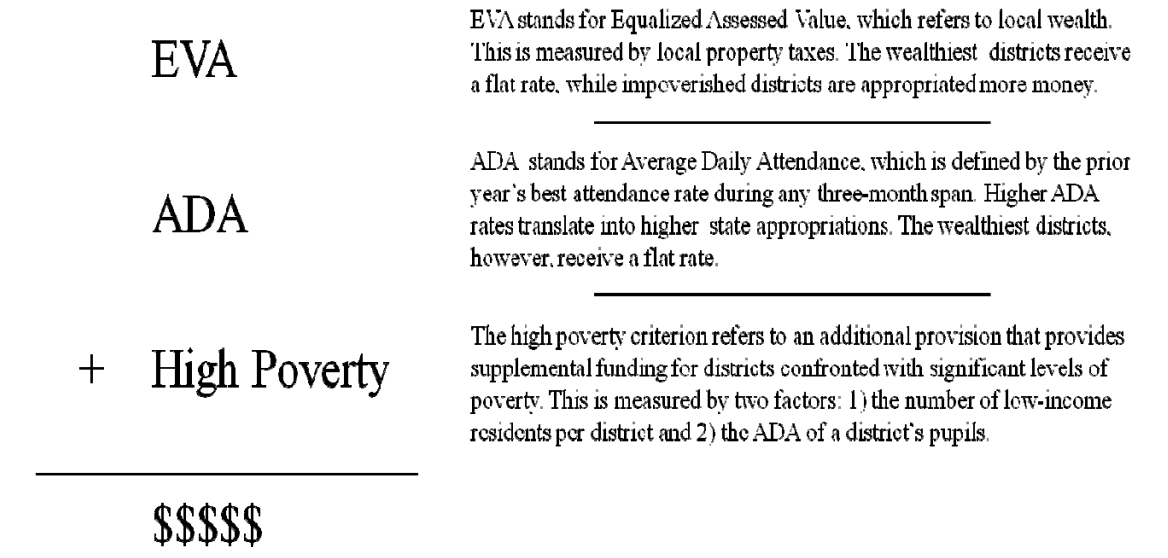
Appropriation of Lottery-Generated Revenues

The second phase of analysis involves an examination of how the ISBE finances public education. To do this, I evaluate the criteria outlined by the GSA formula. Based on previous research (see McKoy and Vincent 2006), education financing throughout much of the country is determined primarily by three factors: district property taxes, student enrollment, and average daily attendance (ADA). The state of Illinois is not much different.

According to the GSA formula (see "ISBE" 2011), three criteria are considered in appropriating state funds to school districts, with some exceptions. (For a breakdown of how the ISBE generally finances public education, see Figure 10). The first criterion dictates that per pupil funding per district is based upon measures of local wealth. Such wealth primarily consists of revenue generated by property taxes, which is also known as Equalized Assessed Value (EAV) in Illinois. Depending upon levels of wealth, each district is appropriated a foundational level of funds per pupil. Impoverished districts are distributed more money than the wealthiest districts, which receive a flat rate. The second

criterion accounts for ADA. School districts with high attendance rates receive more money, while those with lower rates receive less money. The wealthiest school districts, however, receive a flat rate per pupil. The third criterion considers an additional provision for districts confronted with significant poverty. Districts with high poverty counts can receive additional state funding, but the amount of funding is determined by two factors: the district's number of low-income residents and the average daily attendance of the district's pupils.

Figure 10. GSA Formula: How the ISBE Finances Public Education



Source: "ISBE" 2011

At face value, it seems as though the GSA formula embodies education finance policy that is both race-neutral and economically progressive. Each district's financial ability without regard to race is considered before any state aid is appropriated. The three criteria outlined above show the state's attempt to ensure districts that lack resources, as determined by the property tax base, have a foundational level of funding, while more affluent areas are obligated to fund their own district's education. For those that do not

have ample means, the state intervenes to make up the difference and guarantee that each district has a minimum level of funding. As stated on the Illinois State Comptroller's (N.d.) website, "The formula is designed to distribute more aid to poorer districts and a minimum amount to wealthier districts" (Para. 1).

Intentions, however, are different from outcomes. Though Illinois education policy is intended to be race-neutral and economically progressive, its consequences can often be quite the opposite. Because the formula guarantees only a minimum level of funding, significant inequities remain due to disparate wealth gaps, which are inherently racialized, across districts. Critics argue that the formula relies too much on local property taxes (see "Center of Tax and Accountability" 2008). Wealthier districts, which tend to be white, can often pour more money into education than poorer districts, even when they receive substantially less state aid. This is among the points made in a recent lawsuit against the state spearheaded by the Chicago Urban League (2008). This organization has challenged Illinois' financing mechanism as one that inherently ensures second-class education for some and first-class education for others.

Progressive intentions of the GSA formula are further displaced when lottery-generated revenues (and from whom they originate) are considered. Although such money constitutes a tax that finances a public service, it is not a criterion considered in the GSA formula. This is problematic for a number of reasons. Lottery revenues are not generated equally across Chicago, let alone the state of Illinois. As the regression models above show, the lottery is a regressive source of state income in terms of race. Communities predominately comprised by people of color contribute considerably more money to education via the lottery than do communities predominately comprised by

whites. Because the lottery is a racially regressive source of education finance, it offsets the distribution formula that is supposedly race-neutral. Racially marginalized communities are the primary source for lottery-generated revenues, so a considerable amount of money available to finance state education comes from these very same communities. Therefore, the formula ends up circulating capital out of areas predominantly comprised by people of color and spreading it across all areas.

In a worst case scenario, racially marginalized communities end up subsidizing public education, a service that the entire state population is entitled. The GSA formula permits such an occurrence when it does not consider lottery-generated revenues (and from where they come) as a criterion for funding each district. Communities of color could collectively contribute more capital to education through the lottery (in addition to other sources of earmarked revenues for education) than predominantly white communities. When this occurs, financing public education becomes even more of a racially inequitable obligation. And these consequences can manifest themselves even despite intentions that are seemingly race-neutral and progressive.

CHAPTER SEVEN

THE LOTTERY: STATE-SPONSORED RACISM?

Malcolm X would often tell his followers, “Racism is like a Cadillac, they bring out a new model every year” (cited in Lipsitz 1998:182). Although new models look much different than models of old, the fact of the matter is a Cadillac is still a Cadillac. Likewise, racism is still racism, regardless of how it has changed throughout the years. At its core, racism is about how racial categories become a central organizing principle of social circumstances and opportunities (Bonilla-Silva 2001; Feagin 2006; Omi and Winant 1994). Racial groups atop the hierarchy are enumerated many rewards, both symbolic and material, while other groups social liabilities based on their race. Throughout most of U.S. history (since European establishment), formal white supremacy has been endorsed by the state and many of its citizens to enforce an unequal distribution of resources (Bonilla-Silva 2001; Feagin 2006). In the modern era, the racial rule persists in ways that are institutional, covert, and seemingly colorblind, but no less effective (Bonilla-Silva 2001). The state-sponsored money-exchange process between the IL and ISBE is a particular example of this new racism because of its deeply racialized effects, and it is an area of study that remains virtually untouched by critical race scholars.

As I have shown, the money-exchange process between the IL and ISBE exemplifies the racialization of state policy and a new model of racism. Finance policy of

Illinois public education generates and distributes lottery revenues in a way that preserves undeserved enrichment and unjust impoverishment along racial lines.[1] Lottery-generated revenues are regressively generated in racial terms, so some communities of color contribute more money to education via the lottery than others. They are then distributed without considering from whom they originated through education finance. Such a process counters policy that is intentionally race-neutral and economically progressive. This is because lottery-generated revenues earmarked for education are circulated from communities of color and spread across all communities. Under the worst circumstances, communities of color are burdened with subsidizing public education. This is especially true when the amount of their lottery tax contributions eclipse other sources of public education finance. When lottery-generated revenues are distributed in such a way, racially inequitable distributions of economic capital are preserved. One community's enrichment comes at the expense of another's impoverishment. It represents a state-sponsored money exchange process that captures one mechanism for reproducing racial inequality. Therefore, let us call this new Cadillac for what it is: Racism.

[1] See Chapter One of Feagin's (2000) *Racist America* for a thorough discussion of the concepts: unjust impoverishment and undeserved enrichment. Here, he further explains the concepts as they relate to a comprehensive perspective of systemic racism and the social reproduction of racial inequality, particularly white privilege and black burden.

APPENDIX A

SUPPLEMENTAL CENSUS INFORMATION

Table 4. Census 2000, General Demographic Characteristics of Selected Chicago ZCTAs

All White	*Total Population*	*18yrs and Older*	*Total Households*	*Households w/ Individuals Under 18*	*Average Household Size*
60614	65474	59158 (90.4)	36510	3949 (10.8)	1.7
60631	28832	23255 (80.7)	11952	2982 (24.9)	2.36
60646	27016	21331 (79.0)	11041	3114 (28.2)	2.44
60655	29138	21478 (73.7)	10774	3821 (35.5)	2.67
60656	27129	22652 (83.5)	12091	2666 (22.0)	2.24
Mostly White					
60601	5591	5231 (93.6)	3501	252 (7.2)	1.59
60611	26522	25133 (94.8)	17532	945 (5.4)	1.48
60613	50548	45695 (90.4)	29268	2922 (10.0)	1.71
60630	54781	43278 (79.0)	21527	6437 (29.9)	2.54
60634	74164	58402 (78.7)	26276	8700 (33.1)	2.81
60638	55788	42725 (76.6)	20761	6729 (32.4)	2.69
60657	66789	63061 (92.9)	39846	3157 (7.9)	1.65
All Black					
60619	74963	55773 (74.4)	29870	10166 (34.0)	2.5
60620	85771	61515 (71.7)	28499	12066 (42.3)	3
60621	47514	30600 (64.4)	14966	7026 (46.9)	3.12
60624	45647	29200 (64.0)	13743	6827 (49.7)	3.25
60628	87827	61351 (69.9)	27023	12101 (44.8)	3.22
60636	51451	33796 (65.7)	14041	7203 (51.3)	3.63
60644	59059	39172 (66.3)	17904	8886 (49.6)	3.21
60649	54823	40030 (73.0)	23520	7962 (33.9)	2.3
60653	34502	22532 (65.3)	12898	5330 (41.3)	2.59
Mostly Black					
60637	57090	39979 (70.0)	21702	7917 (36.5)	2.5
60643	52568	38442 (73.1)	17525	7099 (40.5)	2.98
60651	77583	50086 (64.6)	21207	12130 (57.2)	3.65
Mostly Hispanic					
60632	87577	59163 (67.6)	24566	12709 (51.7)	3.56

Continued…Table 4. Census 2000, General Demographic Characteristics of Selected Chicago ZCTAs

		Occupied Housing	*Vacant Housing*	*Owner-occ. Housing*	*Renter-occ. Housing*	*Ave. HH Size of Owner-occ. Unit*	*Ave HH Size of Renter-occ. Unit*
All White							
	60614	36510 (95.8)	1583 (4.2)	14705 (40.3)	21805 (59.7)	1.93	1.55
	60631	11952 (97.8)	277 (2.2)	9331 (78.1)	2621 (21.9)	2.55	1.66
	60646	11041 (98.0)	223 (2.0)	8486 (76.9)	2555 (23.1)	2.63	1.84
	60655	10774 (97.6)	267 (2.4)	9465 (87.9)	1309 (12.1)	2.77	1.91
	60656	12091 (95.5)	574 (4.5)	7631 (63.1)	4460 (36.9)	2.39	1.98
Mostly White							
	60601	3501 (84.4)	646 (15.6)	1834 (52.4)	1667 (47.6)	1.63	1.55
	60611	17532 (87.3)	2539 (12.7)	8802 (50.2)	8730 (49.8)	1.58	1.38
	60613	29268 (95.8)	1292 (4.2)	9540 (32.6)	19728 (67.4)	1.8	1.67
	60630	21527 (96.5)	781 (3.5)	13833 (64.3)	7694 (35.7)	2.71	2.25
	60634	26276 (97.1)	772 (2.9)	19634 (74.7)	6642 (25.3)	2.95	2.39
	60638	20761 (97.5)	532 (2.5)	16313 (78.6)	4448 (21.4)	2.78	2.33
	60657	39846 (95.8)	1729 (4.2)	12153 (30.5)	27693 (69.5)	1.86	1.56
All Black							
	60619	29870 (91.9)	2618 (8.1)	14145 (47.4)	15725 (52.6)	2.74	2.29
	60620	28499 (92.3)	2378 (7.7)	15781 (55.4)	12718 (44.6)	3.22	2.71
	60621	14966 (83.5)	2951 (16.5)	4551 (30.4)	10415 (69.6)	3.29	3.05
	60624	13743 (86.7)	2115 (13.3)	4029 (29.3)	9714 (70.7)	3.41	3.18
	60628	27023 (92.2)	2285 (7.8)	17658 (65.3)	9365 (34.7)	3.28	3.11
	60636	14041 (88.5)	1825 (11.5)	7615 (54.2)	6426 (45.8)	3.78	3.46
	60644	17904 (90.5)	1869 (9.5)	5570 (31.1)	12334 (68.9)	3.68	3
	60649	23520 (89.0)	2912 (11.0)	5311 (22.6)	18209 (77.4)	2.6	2.21
	60653	12898 (77.1)	3839 (22.9)	1799 (13.9)	11099 (86.1)	2.77	2.56
Mostly Black							
	60637	21702 (86.5)	3389 (13.5)	4961 (22.9)	16741 (77.1)	2.41	2.53
	60643	17525 (95.4)	837 (4.6)	13821 (78.9)	3704 (21.1)	3.08	2.57
	60651	21207 (91.4)	2005 (8.6)	9239 (43.6)	11968 (56.4)	3.94	3.41
Mostly Hispanic							
	60632	24566 (94.3)	1494 (5.7)	14304 (58.2)	10262 (41.8)	3.78	3.25

Table 5. Census 2000, General Economic Characteristics of Selected Chicago ZCTAs

All White		*Unemployed*	*Median HH Income*	*Mean HH Earnings*	*Individuals in Poverty*	*18yrs & Older in Poverty*
	60614	2038 (3.4)	68324	110220	4965 (7.9)	4681 (8.3)
	60631	448 (1.9)	55316	70209	1032 (3.6)	916 (4.0)
	60646	391 (1.8)	58232	77915	1236 (4.6)	1067 (5.0)
	60655	642 (2.9)	59849	68043	995 (3.5)	754 (3.6)
	60656	475 (2.1)	47512	58306	1404 (5.2)	1174 (5.2)
Mostly White						
	60601	61 (1.1)	77374	112731	304 (5.5)	286 (5.4)
	60611	764 (3.0)	69889	112689	1693 (6.5)	1653 (6.7)
	60613	1418 (3.1)	48381	65744	5237 (10.4)	4397 (9.7)
	60630	1160 (2.6)	47905	59151	3275 (6.0)	2536 (5.8)
	60634	1821 (3.0)	50042	59144	4504 (6.1)	3539 (6.1)
	60638	1531 (3.5)	45173	55738	4825 (8.7)	3161 (7.4)
	60657	1457 (2.3)	55647	81951	5262 (7.9)	4923 (8.0)
All Black						
	60619	4507 (7.8)	33631	42975	13110 (17.6)	8555 (15.3)
	60620	5491 (8.6)	36334	47592	16034 (18.8)	9787 (16.0)
	60621	3824 (11.9)	19718	32700	19576 (42.1)	11031 (36.5)
	60624	3588 (11.7)	22426	35145	16770 (37.6)	9285 (32.3)
	60628	6035 (9.4)	38210	45080	17739 (20.5)	10072 (16.5)
	60636	4582 (12.9)	27727	35824	15888 (31.4)	8867 (26.4)
	60644	4258 (10.4)	26930	40575	17320 (30.1)	10054 (26.3)
	60649	3617 (8.7)	27699	39407	14205 (26.3)	9126 (23.2)
	60653	2975 (12.6)	14205	35481	15668 (46.3)	8700 (39.5)
Mostly Black						
	60637	3897 (9.4)	23228	42333	20365 (37.5)	11914 (31.9)
	60643	2458 (6.1)	51305	62298	5940 (11.5)	3754 (9.9)
	60651	5367 (10.1)	32622	44149	20536 (26.8)	10962 (21.9)
Mostly Hispanic						
	60632	3508 (5.7)	37406	47923	13231 (15.1)	7710 (13.0)

Table 6. Census 2000, General Housing Characteristics of Selected Chicago ZCTAs

		Median Value of Owner-occupied Units	*Median Mortgage & Other Monthly Costs*	*Median Monthly Rent*
All White				
	60614	520900	2801	938
	60631	216200	1509	757
	60646	245600	1674	665
	60655	138200	1209	664
	60656	190800	1400	777
Mostly White				
	60601	n/a	n/a	1438
	60611	1000000+	4000+	1,168
	60613	388900	2273	790
	60630	174700	1361	696
	60634	164100	1371	674
	60638	136900	1152	609
	60657	375000	2260	871
All Black				
	60619	95000	1073	547
	60620	93200	1066	571
	60621	66500	814	496
	60624	89200	1028	513
	60628	86000	952	560
	60636	71700	908	572
	60644	96200	1107	552
	60649	108700	1201	569
	60653	188500	1448	331
Mostly Black				
	60637	114900	1180	526
	60643	111500	1144	636
	60651	96200	1092	610
Mostly Hispanic				
	60632	116400	1059	565

Table 7. Census 2000, General Social Characteristics of Selected Chicago ZCTAs

All White	*Less Than 9th Grade*	*9th-12th Grade, No Diploma*	*HS Grade or Equiv.*	*Some College, No Degree*
60614	1227 (2.5)	1519 (3.1)	2675 (5.4)	4280 (8.7)
60631	1207 (5.6)	2150 (9.9)	5859 (27.0)	5234 (24.1)
60646	1173 (5.9)	1444 (7.2)	4913 (24.7)	4086 (20.5)
60655	463 (2.4)	1203 (6.3)	5421 (28.3)	5570 (29.1)
60656	1561 (7.6)	2208 (10.8)	6068 (29.7)	4267 (20.9)
Mostly White				
60601	6 (0.1)	40 (0.8)	372 (7.6)	894 (18.2)
60611	155 (0.7)	389 (1.7)	1291 (5.5)	3575 (15.4)
60613	1698 (4.3)	1898 (4.8)	4174 (10.5)	5786 (14.6)
60630	3212 (8.2)	4986 (12.7)	11479 (29.2)	8785 (22.4)
60634	5346 (10.3)	7354 (14.2)	17584 (33.9)	10066 (19.4)
60638	3520 (9.2)	6422 (16.8)	14294 (37.5)	7723 (20.2)
60657	1109 (2.1)	1667 (3.1)	4125 (7.7)	5917 (11.1)
All Black				
60619	2372 (4.8)	8368 (16.8)	12260 (24.6)	14476 (29.0)
60620	3315 (6.2)	10306 (19.2)	15187 (28.2)	14203 (26.4)
60621	2445 (9.5)	7626 (29.5)	7588 (29.4)	5510 (21.3)
60624	2884 (11.9)	7045 (29.0)	7263 (29.9)	4595 (18.9)
60628	3375 (6.4)	10633 (20.2)	14199 (26.9)	14450 (27.4)
60636	2376 (8.5)	7823 (27.8)	9066 (32.3)	6267 (22.3)
60644	3591 (10.9)	9374 (28.4)	9238 (28.0)	7031 (21.3)
60649	1701 (4.9)	5548 (16.0)	8339 (24.1)	9936 (28.7)
60653	2052 (10.6)	5043 (26.1)	4912 (25.4)	4176 (21.6)
Mostly Black				
60637	2148 (6.6)	6659 (20.4)	7612 (23.3)	6874 (21.1)
60643	1363 (4.0)	4342 (12.7)	6985 (20.4)	9764 (28.5)
60651	6289 (15.5)	9679 (23.8)	11457 (28.2)	8820 (21.7)
Mostly Hispanic				
60632	14915 (30.8)	9131 (18.9)	13431 (27.7)	6018 (12.4)

Continued…Table 7. Census 2000, General Social Characteristics of Selected Chicago ZCTAs

	Assoc. Degree	*Bach. Degree*	*Grad or Prof. Degree*	*Pop. % w/ a HS Diploma or Higher*	*Pop. % w/ a BS, BA, or Higher*
All White					
60614	940 (1.9)	21782 (44.2)	16843 (34.2)	94.4	78.4
60631	1208 (5.6)	4147 (19.1)	1915 (8.8)	84.6	27.9
60646	910 (4.6)	4254 (21.4)	3139 (15.8)	86.9	37.1
60655	1364 (7.1)	3581 (18.7)	1541 (8.0)	91.3	26.8
60656	1323 (6.5)	3339 (16.3)	1683 (8.2)	81.6	24.6
Mostly White					
60601	99 (2.0)	1487 (30.2)	2020 (41.1)	99.1	71.3
60611	766 (3.3)	7858 (33.8)	9238 (39.7)	97.7	73.5
60613	1855 (4.7)	15295 (38.5)	9003 (22.7)	90.9	61.2
60630	2184 (5.6)	5722 (14.6)	2914 (7.4)	79.1	22
60634	3203 (6.2)	5523 (10.6)	2810 (5.4)	75.5	16.1
60638	1961 (5.1)	2979 (7.8)	1269 (3.3)	74	11.1
60657	1671 (3.1)	24449 (45.9)	14294 (26.9)	94.8	72.8
All Black					
60619	3347 (6.7)	5857 (11.7)	3181 (6.4)	78.5	18.1
60620	3311 (6.2)	4778 (8.9)	2699 (5.0)	74.7	13.9
60621	1182 (4.6)	1117 (4.3)	381 (1.5)	61	5.8
60624	1080 (4.4)	1006 (4.1)	451 (1.9)	59.2	6
60628	3489 (6.6)	4590 (8.7)	2022 (3.8)	73.4	12.5
60636	1146 (4.1)	987 (3.5)	443 (1.6)	63.7	5.1
60644	1454 (4.4)	1598 (4.8)	711 (2.2)	60.7	7
60649	2481 (7.2)	4244 (12.3)	2345 (6.8)	79	19
60653	783 (4.1)	1396 (7.2)	960 (5.0)	63.3	12.2
Mostly Black					
60637	1350 (4.1)	2993 (9.2)	4996 (15.3)	73	24.5
60643	2179 (6.4)	5827 (17.0)	3854 (11.2)	83.4	28.2
60651	2101 (5.2)	1568 (3.9)	749 (1.8)	60.7	5.7
Mostly Hispanic					
60632	1508 (3.1)	2318 (4.8)	1110 (2.3)	50.3	7.1

APPENDIX B

METHODOLOGICAL CRITIQUE OF CENSUS DATA

While census data represents the most comprehensive dataset of demographic data for the Chicago area and is suitable for my analytic purposes, I do not fully endorse its method and data because of several unique problems it poses to this study. Here, I briefly highlight and critique some of these problems. Areas to be addressed include the timeliness of census data and issues concerning both internal and external validity.

With regard to timeliness, U.S. Census data are collected decennially. Though these data yield ten-year cross-sections description of the population, they do not detail the dynamic shifts between these benchmarks. In terms of this study, this poses a problem. The absence of annual census data dilutes the precision of my analysis. Because census data are collected decennially but lottery sales annually, my analysis cross-examines decennial data with annual data. To minimize this dilution, I cross-examine only four cross-sections of annual lottery sales with decennial census data. That is, annual lottery revenues data from fiscal years 1999, 2000, 2001, and 2002 are be analyzed with respect to decennial census data from 2000. Such a cross-examination better compares data collected from similar points in time.

A concern regarding internal validity of census data regards the issue of defining racial group membership. Internal validity, as Creswell (2009) writes, refers to "the researcher's ability to draw correct inferences from the data about the population" (p. 162). Because race is a social construct, a correct way of defining race does not exist. Thus, James (2008) rightfully points out that the internal validity of census data comes into question because race and group membership are defined in a static manner (James 2008). On the contrary, Omi and Winant (1994) show that racial boundaries are under constant (re)negotiation and the process of determining who belongs to what racial

category depends upon political context. Contrary to the notion that race is a variable, and therefore a fixed characteristic, Lewis (2003; 2004) further points out that race is a process and something people "do." It can be understood as a process entailing consequences, both material and symbolic, determined by contextual specificity. Lewis (2003) clarifies:

> Race is about who we are, what we do, how we interact. It shapes where we live, whom we interact with, how we understand ourselves and others. But it does so in specific ways based on our social and historical location (p. 7).

In micro-level exchanges, race is an identity that people impose and confer upon one another. As Lewis (2004) writes, "[Race] is something learned and achieved in interactions and institutions. It is something we live and perform" (p. 629). Therefore, group membership is too complex for race and group membership to be exhaustively operationalized as a variable with fixed characteristics. However, quantitative analyses all too often commit such errors (James 2008). Consequently, such studies oversimplify a fluidly complex concept and therefore negatively impacts what inferences can be made about a studied population. Unfortunately, this study is no different than many other quantitative studies in that it oversimplifies racial group membership. This is because I utilize the U.S. Census as a primary source of data.

While limitations of internal validity are inherent within this study's design, problems with external validity also apply. External validity refers to the researcher's ability to draw inferences from sample data to represent the population of interest (Creswell 2009). Census data, unfortunately, are vulnerable to threats of external validity due to sample selection bias. Model (2009) clarifies:

> The greatest source of inaccuracy in censuses is that individuals absent from the data differ in some systematic way from individuals present. The converse also occurs: censuses include persons who should be excluded, but that problem is less severe (p. 166).

Some groups may be overrepresented among the data, and others may be underrepresented. At worst, census data reflects an untruthful reflection of the population.

APPENDIX C

FORMAL AUDIT REQUEST

Illinois Lottery
100 W. Randolph, Suite 7-274
Chicago, IL 60601

Re: Illinois Freedom of Information Request

Dear FOIA Officer,

This is a request for information under the Illinois Freedom of Information Act, 5 ILCS 140. I request that a copy of the following documents be provided to me:

Annual Revenues Generated by Lottery Products per each Chicago Zip Code Tabulation Area (ZCTA) by fiscal year, from 1999-2000 to 2001-2002.

The ZCTAs of interest include:

60614	60631
60646	60655
60656	60601
60611	60613
60630	60634
60638	60657
60619	60620
60621	60624
60628	60636
60644	60649
60653	60654
60637	60643
60651	60632

I would like to obtain these records in either electronic format or physical document form.

I understand that the Act permits a public body to charge a reasonable copying fee not to exceed the actual cost of reproduction and not including the costs of any search or review of the records, as stated in 5 ILCS 140(6). I request a waiver of all fees for this request. Disclosure of the requested information to me is in the public interest because it is likely to significantly contribute to public understanding of the operations regarding public education finance in Illinois.

I am interested in measuring lottery sales as tax-generated revenues, and I want to learn of where across Chicago these revenues originate. Such a request does not concern commercial interest. Rather, the inquired information will be utilized in the fulfillment of a master's thesis project for the Department of Sociology at Loyola University Chicago.

I look forward to hearing from you in writing within seven working days, as required by the Act–5 ILCS 140(3).

Sincerely,

Kasey Henricks
Loyola University Chicago
Department of Sociology
1032 W. Sheridan Road
Coffey Hall 434
Chicago, IL 60660
Tele: 423.364.9251
Email: khenricks@luc.edu

APPENDIX D

THE MULTICOLLINEARITY PROBLEM

For best predictive results, assumptions of OLS regression analysis cannot be violated. Among these assumptions is "the multicollinearity problem." This occurs when independent variables are highly correlated. When multicollienarity is present the overall reliability of the model remains intact, but coefficient estimates for each independent variable are susceptible to error (Lewis-Beck 1980). A consequence of multicollinearity is that standard errors for each independent variable will range broadly.

Lewis-Beck (1980) offers two ways of testing whether multicollinearity exists within an OLS regression model. One commonly accepted method is two perform bivariate correlations between all pairs of independent variables within a model. If any correlation coefficient measures .8 or higher in absolute terms, then multicollinearity exists. While this method aptly detects correlations between variables, a major limitation of this diagnostic is that it is limited to examining only two variables at a time. This technique alone is inadequate for detecting multicollinearity within a multivariate regression model. To overcome this shortcoming, an additional test is recommended: "*Regress each independent variable on all the other independent variables*" (Lewis-Beck 1980:60). When the explained variance (or R^2) approaches 100 percent, multicollinearity is highly evident.

After performing the first test, it becomes evident that multicollinearity may exist. (See Figure 11 for a summary of these results.) Using a correlation coefficient of .8 (in absolute terms) as the threshold measure, one pair of independent variables is suspect. This pair includes mean household income per ZCTA and education attainment level per ZCTA. Its coefficient measures .905. This correlate indicates that multicollinearity may exist within my models, but more conclusive evidence is needed for substantiation.

Figure 11. Multicollinearity Test One, Independent Variable Correlation Coefficients

	Racial/Ethnic Composition per ZCTA	*Mean HH Income per ZCTA*	*Pop. Percent w/ BA, BS, or Higher per ZCTA*	*Total ZCTA Pop. 18 and Older*
Racial/Ethnic Composition per ZCTA	1	-.732	-.596	.218
Mean HH Income per ZCTA	-.732	1	.905	-.206
Pop. Percent w/ BS, BA, or Higher per ZCTA	-.596	.905	1	-.094
Total ZCTA Pop., 18 and Older	.218	-.206	-.094	1

To supplement the first test, and overcome some of its limitations, I have performed a second diagnostic. I have regressed each independent variable against all other independent variables. (See Figure 12 for a summary of these results.) If the R^2 value of a model approaches 1.0, then this serves as an indicator for the amount of multicollinearity that exists between a set of independent variables. After performing this diagnostic, it becomes apparent that two pairings are suspect. When the variables from Model 2 (which include racial/ethnic composition per ZCTA; population percent with BA, BS, or higher per ZCTA; and total ZCTA population, 18 and older) and Model Three (which include racial/ethnic composition per ZCTA; mean household income per ZCTA; and total ZCTA population, 18 and older) are regressed, their R^2 values are .882 and .836, respectively. This indicates a significant level of multicollinearity exists.

In a number of ways, results from the second multicollinearity test nuances the results from the first one. While mean household income per ZCTA and education attainment level per ZCTA are highly correlated, this relationship becomes more

complicated when other variables are introduced. Test Two confirms that a significant level of multicollinearity exists between all independent variables when both mean household income per ZCTA and education attainment level per ZCTA become dependent variables, but the degree of multicollinearity dwindles when race/ethnic composition per ZCTA becomes the outcome. This suggests that the relationship between income and education is muted in some instances when other mediating variables are considered. As the models in Test Two show, racial/ethnic composition (alongside other predictors) explains more variance of income and education, than do income and education (alongside other predictors) explain racial/ethnic composition.

Figure 12. Multicollinearity Test Two, Regressions on Each Independent Variable

	Outcome			
	Racial/Ethnic Composition per ZCTA	Mean HH Income per ZCTA	Pop. Percent w/ BA, BS, or Higher per ZCTA	Total ZCTA Pop. 18 and Older
Model One[a]	.561			
Model Two[b]		.882		
Model Three[c]			.836	
Model Four[d]				.092

Note: Main entries are values of R^2*, which measures levels of explained variance.*

[a] *Independent variables included in this model are as follows: Mean Household Income per ZCTA; Population Percent with BA, BS, or Higher per ZCTA; and Total ZCTA Population, 18 and Older.*

[b] *Independent variables included in this model are as follows: Racial/Ethnic Composition per ZCTA; Population Percent with BA, BS, or Higher per ZCTA; and Total ZCTA Population, 18 and Older.*

[c] *Independent variables included in this model are as follows: Racial/Ethnic Composition per ZCTA; Mean Household Income per ZCTA; and Total ZCTA Population, 18 and Older.*

[d] *Independent variables included in this model are as follows: Racial/Ethnic Composition per ZCTA; Mean Household Income per ZCTA; and Population Percent with BA, BS, or Higher per ZCTA.*

Outcomes should not be interpreted in terms of a change in one particular independent variable when multicollinearity exists. This, however, does not mean independent variables have equal impacts in models where multicollinearity is present. In

my models, it becomes clear that racial/ethnic measures are more salient in predicting annual lottery revenues than class measures. Evidence for this is provided by comparing new regression models that omit each of the independent variables included in the full model (See Figure 13). In the third multicollinearity test, I present brief summaries of the original models compared to these new models. Briefly let me discuss the results.

Figure 13. Multicollinearity Test Three, Regression Models of Lottery Sales per ZCTA*

Full Model	*FY 1999*	*FY 2000*	*FY 2001*	*FY 2002*
Education	-195,350	-193,243	-184,213	-189,289
Income	192	193	187	189
Race/Ethnicity	2,228,913	2,329,109	2,317,587	
2,273,998				
Tax Base Population	194	184	179	189
R^2	.796	.788	.784	.762
Model Without Race/Ethnicity				
Education	-142,052	-137,550	-128,794	-134,913
Income	32	26	21	27
Tax Base Population	202	193	188	198
R^2	.607	.582	.571	.570
Model Without Income				
Education	-55,309	-52,400	-47,849	-50,851
Race/Ethnicity	1,452,209	1,547,958	1,561,284	
1,506,185				
Tax Base Population	172	162	158	168
R^2	.717	.708	.706	.687
Model Without Education				
Income	-8	-4	-1	-4
Race/Ethncity	1,859,267	1,963,449	1,969,016	
1,915,820				
Tax Base Population	169	159	155	165
R^2	.681	.676	.677	.657
N (ZCTAs)	25	25	25	25

Note: Main entries are unstandardized regression coefficients (*B*). *Below each these coefficients are values of* R^2, *which measures levels of explained variance.*

Test Three shows that racial/ethnic composition per ZCTA impacts the outcome more than the other class variables. This is evident from each model's level of explained variance. The R^2 value is consistently highest when this variable is included in the model,

rather than excluded. Inclusion of the racial/ethnic variable adds approximately 20 percent more explained variance to the models, whereas inclusion of class variables only add approximate 10 percent more explained variance to the models.

Another important finding to note in Table Three regards the unstandardized coefficients. Notice that in all the models the coefficients for the racial/ethnic measure are most reliable compared to the other variables' coefficients. Its coefficient values consistently range between 1.5 and 2.3 million in every model. The education coefficient, on the other hand, erratically ranges in value from negative 200 thousand to negative 50 thousand. In other words, its lowest coefficient value is approximately four times smaller than its highest coefficient value. Though the income coefficients also range broadly, they poses unique problems of their own. The income coefficients are consistently positive in value, except when education is excluded from the regression model. In this particular model, the income coefficient value changes from a positive to negative value. Such a change of sign is a common consequence when two variables in a regression model are highly correlated. All these statistics taken together lend support to the notion that racial/ethnic composition per ZCTA remains the most reliable and accurate measure included in the models.

What does all this mean substantively? Exactly what I illustrate in Graphs Two through Five. When class measures are held constant, increases in racial minority representation translate into higher lottery sales. Communities of color contribute more to education via the lottery tax than do communities predominantly comprised by whites. Such an observation is consistent across all the regression models. Altogether, this lends

evidence that the lottery is racially regressive source of state income irrespective of class status.

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VITA

Kasey Henricks is a white man, born of slave-owning ancestry in Chattanooga, Tennessee. He is a high school dropout who began his collegiate career at Chattanooga State Technical Community College. After graduating with an associate's degree in 2004, he transferred to Austin Peay State University where he studied sociology and engineering. In 2008, he obtained a bachelor's degree, *cum laude*. He is a first generation college graduate, but is not content with ending his formal education until he has earned a doctorate of philosophy. His research interests are to critically study race and its continuing significance.

While at APSU, Kasey was regionally recognized on four occasions: three times as a journalist and once as a sociologist. He was a two-time SouthEast Journalism Conference award-winning columnist for the 2006-2007 and 2007-2008 academic years, and he was also an editorial board member of the "Third Best College Newspaper in the South" for the 2006-2007 academic year. As a sociologist, Kasey was recognized for his undergraduate thesis, which placed second in the student paper competition at the 2009 SouthEastern Undergraduate Sociological Symposium.

Since arriving at Loyola University Chicago in 2009, Kasey has continued some of these same successes. For the 2010-2011 academic year, he was awarded the Global and Community Stewards Fellowship by The Graduate School at Loyola University Chicago to fund his work on the lottery and education finance. More recently, he was

elected the Student Representative of the American Sociological Association's Section on Race and Ethnic Minorities during the 2011-2012 academic year. His work has been published in a number of academic outlets such as *Social Thought and Research*, *Sociological Insight*, and *Racism Review*.

Currently, Kasey is a Ph.D. Student of Sociology at Loyola University Chicago and is expected to graduate in 2015. After graduation, he plans to become a professor where he can continue his research and teaching interests. He lives in Chicago, Illinois.